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# JPRS Report

# Soviet Union

## International Affairs

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JPRS-UIA-91-009 18 June 1991

CONTENTS

**ARMS CONTROL**

SIPRI Report on World Arms Spending *[M. Zubko; IZVESTIYA, 29 May 91]* ..... 1

**WORLDWIDE TOPICS**

Gorbachev's Impact on USSR Foreign Policy, False Initial Premises
*[A. Vasilyev; KOMSOMOLSKAYA PRAVDA, 30 May 91]* ..... 3
Trade Union Confederation Secretary on International Activities *[I. Yurgens; TRUD, 13 May 91]* ..... 6
RSFSR's Kozyrev on Ties with Republics, Foreign States
*[A. Kozyrev; ARGUMENTY I FAKTY No 20, May 91]* ..... 8
Latvian MFA on Relations With U.S., UK, Canada *[ATMODA No 14, 30 Apr 91]* ..... 9
Emerging Role Of Lithuania's Foreign Ministry Viewed *[V. Katkus; LIETUVOS RYTAS, 15 Feb 91]* ... 11
Bickauskas Views New Directions in Lithuania's Foreign Policy
*[E. Bickauskas; LIETUVOS RYTAS, 1 Mar 91]* ..... 12

**SOCIALIST COMMUNITY, CEMA**

Press Conference on Final Steps to Liquidate CEMA
*V. Mikhaylov; RABOCHAYA TRIBUNA, 21 May 91]* ..... 14

**THIRD WORLD ISSUES**

Asia, Africa Solidarity Organization Chief on New Global Relations
*[M. Galeb; AZIYA I AFRIKA SEGODNYA No 4, Apr 91]* ..... 15

**GENERAL ECONOMIC AFFAIRS**

State Foreign Economic Commission Official on Currency, Trade Issues
*[I. D. Ivanov; EKONOMIKA I ZHIZN No 18, Apr 91]* ..... 18
1990 Foreign Trade Statistics Published *[V. Seltsovskiy; EKONOMIKA I ZHIZN No 18, Apr 91]* ..... 20
Investment Protection Agreements Ratified *[IZVESTIYA, 1 Jun 91]* ..... 27
$10 Billion Loan Swindle Avoided *[B. D. Woodworth; THE ESTONIAN INDEPENDENT, 9 May 91]* . 28
Export Firms Advised to Dodge Double Taxation
*[THE ESTONIAN INDEPENDENT, 16-22 May 91]* ..... 28
Pitfalls for Soviets Seeking Work Abroad Described
*[K. Mezentsev; GLASNOST No 18, 1 May 91]* ..... 29
Working Conditions, Rights of Soviet Sailors on Foreign Ships Viewed
*[G. Charodeyev; IZVESTIYA, 20 May 91]* ..... 30
Troop Housing Contract Selection Process Explained *[O.D. Davydov; IZVESTIYA, 15 May 91]* ..... 31
French, Belgian, Soviet Agricultural Cooperation Project Viewed
*[Yu. Kovalenko; IZVESTIYA, 11 May 91]* ..... 32
Future of Soviet-Vietnamese Trade Ties Considered *[Ye. Pantelyeyev; TRUD, 16 May 91]* ..... 33
U.S. Businessman To Sell Cars for Soviet Scrap Metal
*[D. Mostny; RABOCHAYA TRIBUNA, 16 May 91]* ..... 34
U.S. Businessman Defends Estonian Loan Offer
*[L. Trei; THE ESTONIAN INDEPENDENT, 22-28 May 91]* ..... 35
Moldovan Foreign Economic Deals Criticized *[A. Pasechnik; PRAVDA, 7 May 91]* ..... 36
Icelandic Bank Signs Agreement for Loan to RSFSR *[Reykjavik MORGUNBLADID, 27 Mar 91]* ..... 38

**UNITED STATES, CANADA**

U.S. Views on USSR Credits Described *[An. Balebanov; SELSKAYA ZHIZN, 18 May 91]* ..... 40
U.S. Actions in Gulf Hit, Laid to Oil *[V. Turadzhev; AZIYA I AFRIKA SEGODNYA No 4, Apr 91]* ..... 40
Major-General Bolyatko on Military Activities Pact with Canada *[A.V. Bolyatko; TRUD, 15 May 91]* .. 41

## WEST EUROPE

Austrian Vice-Chancellor Visits Belorussia *[SOVETSKAYA BELORUSSIYA, 30 Apr 91]* ..... 43
Divisions in Finnish CP (Unity) *[Yu. Kuznetsov; PRAVDA, 20 May 91]* ..... 43
Finnish Envoy on Regional Economic Interests *[H. Talvitie; ROSSIYSKAYA GAZETA, 24 Apr 91]* ..... 43
Mitterrand Profiled, Attitude Toward USSR Viewed *[V. Bolshakov; PRAVDA, 11 May 91]* ..... 44
Hard Times for German Communist Party *[Ye. Grigoryev; PRAVDA, 17 May 91]* ..... 46
Neonazi Protest at Chernobyl Children's Camp *[Ye. Boykun; IZVESTIYA, 17 May 91]* ..... 47
Turkish-Armenian Border Question Discussed
*[A. Mekhtiyev; NEZAVISIMAYA GAZETA No 46, 16 Apr 91]* ..... 48
Economic Relations With Turkey Viewed ..... 48
Improvement Seen *[Istanbul DUNYA, 28 Dec 90]* ..... 48
Prospects for Year 2000 *[A. Chernishev; Istanbul DUNYA, 28 Dec 90]* ..... 49
Types of Agreements *[Y. Cakir; Istanbul DUNYA 28 Dec]* ..... 50

## EAST EUROPE

Ethnic Tensions, Border Disputes Surveyed *[A. Yazkova; KOMSOMOLSKAYA PRAVDA 23 May 91]* .. 52
Charges of KGB Involvement in East European 'Revolutions' Reviewed
*[Ye. Chernykh; KOMSOMOLSKAYA PRAVDA, 30 Apr 91]* ..... 54
U.S., Polish Press Reports on KGB Actions in Poland Condemned
*[N. Dmitriyev; SOVETSKAYA ROSSIYA, 23 Apr 91]* ..... 56
Religious Hostilities With Ukrainians Resurface
*[S. Dietrich; Frankfurt/Main FRANKFURTER ALLGEMEINE, 15 Apr 91]* ..... 57
Poland's Anti-Sovietism Considered *[Yu. Izgorodin; SOVETSKAYA ROSSIYA, 4 Jun 91]* ..... 58
Bucharest Round Table Denounces Soviet-Romanian Treaty *[V. Volodin; IZVESTIYA, 24 May 91]* ..... 61

## LATIN AMERICA

Latin America: 'Promising Model' of Third World Development
*[P. Bogomolov; PRAVDA, 4 May 91]* ..... 62

## CHINA, EAST ASIA

Furthering of Sino-Soviet Cultural Ties Advocated *[V. Sidorov; PRAVDA, 12 May 91]* ..... 64
Results of PRC Economic Modernization Programs Assessed
*[B. Kulik; SOVETSKAYA ROSSIYA, 12 May 91]* ..... 65
Results of Chinese Economic Reforms Assessed *[V. Ovchinnikov; PRAVDA, 24 May 91]* ..... 66
Status of Soviet-Japanese Relations After Tokyo Summit Viewed
*[V. Ovsyannikov; NOVOYE VREMYA No 17, Apr 91]* ..... 68

## NEAR EAST & SOUTH ASIA

Gulf War's Effect on Oil Prices, Aid Noted *[E. Guseynov; IZVESTIYA, 30 Apr 91]* ..... 70
Factors Affecting, Inhibiting Postwar Mideast Peace Examined
*[V. Merkin; SOVETSKAYA ESTONIYA, 14 May 91]* ..... 71
Yelena Bonner Urges UN Responsibility for Iraqi Kurds, Shiites
*[Ye. Bonner, NEZAVISIMAYA GAZETA, 18 Apr 91]* ..... 73
Tensions on Soviet-Afghan Border Reported *[I. Semykin; SELSKAYA ZHIZN, 28 May 91]* ..... 74
PRAVDA Interviews Algerian Socialist Leader *[H. Cherif; PRAVDA, 4 May 91]* ..... 75

## SUB-SAHARAN AFRICA

Petrovskiy Presents Views on Africa's International Role *[A. Anichkin; IZVESTIYA, 5 May 91]* ..... 76
South African Diplomat Views Prospects for USSR-RSA Relations
*D. Laubscher; KOMSOMOLSKAYA PRAVDA, 21 May 91]* ..... 77

## SIPRI Report on World Arms Spending

*91UF0814A Moscow IZVESTIYA in Russian*
*29 May 91 Union Edition p 6*

[Article by M. Zubko, personal correspondent (Stockholm): "Is the Burden Lighter? SIPRI Yearbook on World Military Expenditures"]

[Text] Experts at the Stockholm International Peace Research Institute (SIPRI) have finally recorded a sizable decrease in exports of Soviet weapons—estimated at 12.2 billion dollars (in 1985 prices) in 1989 and at 6.4 billion in 1990; i.e., just over half the previous amount! Nevertheless, the USSR is still far in the lead in terms of total shipments over the last 5 years. All of this, however, should be discussed in the proper order....

Specialists and the general public were awaiting the publication of the 1991 SIPRI yearbook with particular interest: After all, it was extremely important to learn how the political agreements of 1990 had affected military spending in the world and in various regions on arms production, the arms trade, the number of military conflicts and nuclear tests, etc.

At a press conference on the 1991 yearbook in the SIPRI building near Stockholm, Director W. Stutzle of the institute and a group of experts remarked that 1990 was the first year of the new era following the "cold war." It was distinguished by the mending of the rift in Europe, the unification of Germany, the development of arms reduction processes, the transformation of NATO, and the dissolution of the Warsaw Pact, but it was also distinguished by the war in the Persian Gulf that came as a shock to everyone!

"Peace has not 'broken out' yet," the director said, "and it is still too early for SIPRI, which is now 25, to think of winding up its research or stopping it. On the contrary, the need to inform the public of arms and disarmament issues is growing...."

As the SIPRI experts pointed out, global military expenditures decreased in 1990, but only by 5 percent. Absolute expenditures amounted to 950 billion dollars (in current prices). Is this not a colossal sum? The developed states accounted for 800 billion, and "Third World" countries accounted for the rest.

The lower absolute indicators, the yearbook says, are primarily a result of cuts in USSR and U.S. military spending by 10 percent and 6 percent respectively. Nevertheless, these two superpowers are responsible for more than 60 percent of all military allocations in the world. The fact is that the USSR and the United States drove themselves up to an outrageously high level of spending in the first half of the 1980s.

In confirmation of this thesis, SIPRI expert S. Deguerre cited the following figures: In spite of the current cuts, U.S. defense allocations in 1990 exceeded military expenditures in 1980 by 30 percent! The figure for the USSR was 38 percent.

And what about Western Europe, which seemed reluctant to follow the lead of the USSR and United States in lightening the defense burden? The yearbook reports that the military expenditures of the Common Market countries last year amounted to 152 billion dollars (in 1988 prices), which was approximately the same as the 1989 figure. Of course, if the allocations of the former GDR were to be excluded, total expenditures would display a decrease of 2 percent. Not much!

If I understood the authors of the yearbook correctly, they had trouble calculating the arms production indicators for individual countries. This is attested to, for instance, by their "departure" from the traditional national data and the replacement of these with the indicators of the 100 leading companies producing arms. They are eloquent, of course, but in a different sense: Around 50 are American (including 9 of the top 10), 42 are West European, 6 are Japanese, and the rest are in the developing countries.

There are no Soviet companies on the list, and this is understandable, because weapons are produced by the state in our country. Nevertheless, the USSR is one of the world's leading producers of armaments. This is why I personally feel that these indicators are not truly indicative. I must say, however, that the yearbook does state that the "general trend toward the gradual reduction of arms production continued in 1990."

According to SIPRI, the world owes this to cuts in allocations in "the three leading centers"—the United States, the Soviet Union, and Western Europe. This, however, has been accompanied by the growth of arms production in Japan and in some "Third World" countries.

The same section says that Soviet officials began admitting in 1990 that the respecialization of military enterprises to meet civilian needs was more difficult than they had expected.

The arms trade, to the delight of millions of people throughout the world, decreased radically—by 35 percent in comparison with 1989. Nevertheless, it amounted to the colossal sum of 21.7 billion dollars. The main suppliers are still the USSR and the United States. It is true that our country managed to "give up" the first place to the Americans for the first time in many years: The volume of U.S. arms exports decreased, but it still amounted to 8.7 billion dollars in 1990 (11.7 billion in 1989), while the USSR volume decreased to 6.4 billion (from 12.2 billion in 1989).

Of course, this reduction in Soviet exports is certainly reassuring, but it must not be overestimated. First of all, our country and the United States are still the main exporters of weapons, accounting for 69 percent (!) of all shipments. Second, the USSR is still the leader in sales of weapons over the last 5 years: 60.8 billion dollars, as compared to 53.8 billion for the United States. Third, in spite of all the cuts, the Soviet Union is still the main exporter to the developing countries. It sold them

weapons worth 4.3 billion dollars in 1990. The next in line are the United States—3 billion, France—1.3 billion, China—900 million, Great Britain—900 million, and so forth.

The three main buyers of weapons did not change: In 1989 they were India, Japan, and Saudi Arabia. Last year they changed places. Saudi Arabia took first place for understandable reasons (the war in the Persian Gulf zone), Japan took second place, and India came in third. The last two countries reduced their purchases substantially.

It seems to me that something else is important to us: the perceptible reduction in the imports of the countries that have always been our customers, such as Afghanistan, the DPRK, Poland, Czechoslovakia, Syria, Angola, and others.

In 1990 there were 30 recorded armed conflicts on our planet. This was slightly below the figure for the previous year. Remember? The armed conflicts in Namibia and Nicaragua came to an end. But 30 is still a high number. Where were the conflicts? Here are SIPRI's data:

In Europe: Great Britain and Northern Ireland.

In the Middle East: Iran, Iraq, Israel-Palestine, Lebanon, and Turkey.

In South Asia: Afghanistan, Bangladesh, India, India-Pakistan, Myanma (Burma), and Sri Lanka.

In the Asian Far East: Cambodia, Indonesia, Laos, and the Philippines.

In Africa: Angola, Chad, Ethiopia, Liberia, Morocco-West Sahara, Mozambique, Somalia, southern Africa, Sudan, and Uganda.

In Central and South America: Colombia, El Salvador, Guatemala, and Peru.

Most of the conflicts, as the book says, were the result of a struggle for power or of bids for autonomy or independence. We certainly hope that the list in the 1992 yearbook will not include conflicts on ethnic grounds in the USSR, Yugoslavia, or other countries.

SIPRI also analyzes other matters: the state of affairs with regard to the militarization of space, the nuclear nonproliferation treaty, the talks on the prohibition of chemical and bacteriological weapons, the talks on the reduction of strategic nuclear arms, and so forth. I want to say just a few words about one of the last chapters, dealing with nuclear tests.

The yearbook says that there were only 18 nuclear tests in 1990. Who conducted them? The United States conducted eight, France conducted six, China conducted two, and the USSR and Great Britain conducted one each. In this case SIPRI not only states the problem, but also suggests a solution. The line of reasoning in the yearbook can be summarized as the following:

Tests of nuclear weapons are a prerequisite for the development of new systems of mass destruction. If all tests are stopped, this will have an inevitable and tremendous impact on the nuclear arms race, because the leading countries will not be able to produce reliable systems, and this will diminish their significance dramatically....

It seems to me that the expectations of the experts and the public were not in vain. In its 1991 yearbook the Stockholm International Peace Research Institute presents many interesting figures and facts to contemplate.

## Gorbachev's Impact on USSR Foreign Policy, False Initial Premises

*91UF0822A Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 May 91 p 3*

[A. Vasilyev article: "Why We Quit East Europe and Left the Sandinistas to the Whims of Fate"]

[Text] Under the "old regime," and indeed at the start of perestroyka, during summit-level international negotiations representatives of the Soviet side used to have sheets of paper with texts that took up only half a page; the other half was left for notes. I have seen those sheets: The texts printed on them were compiled in the form of unconstrained direct speech so as to produce the impression that the person reading it was just talking. So that not taking one's eyes from the paper was supposed to be merely verifying facts and figures. Provision was even made for responses to "ticklish" questions from the other side.

Soviet diplomats directly involved in negotiations have told me how when he started his activities in the USSR Ministry of Foreign Affairs, Eduard Amvrosiyevich Shevardnadze used to obediently read these prepared texts without raising his head , and how gradually, as he gained experience he would raise his head, breaking away from his crib sheet more often and looking with increasing confidence into the eyes of his negotiating partners.

And Soviet foreign policy was the same: During the time that has elapsed since the "fateful April" we have learned to turn our eyes away from the crib sheets and have started to look with curiosity at the events, phenomena, and processes taking place in the world, trying to consider them in an unprejudiced way, and to understand our own role in the world.

Soviet foreign policy thinking has not remained unchanged during these years. It has changed as the positions of the Soviet Union have weakened on the international political scene, and this has been associated with the growing economic and political problems inside our country. Compare what M.S. Gorbachev was saying on the subject of international relations in 1985 and 1991: It looks like two different people, two leaders from quite different states. And the merit of the present leadership of the Soviet Union lies in the fact that it has moved into the channel of the objective processes of world history, sooner or later recognizing them and shaping the political course of the Kremlin in line with them.

### Analysis

The Gorbachevian perestroyka of Soviet foreign policy has been underpinned by a quite precise concept that was evidently conceived by Aleksandr Nikolayevich Yakovlev. To be convinced of this, all we need do is compare his articles and statements through 1984 to the beginning of 1985 with the chapter "The Modern World: Main Trends and Contradictions" in the CPSU Central Committee Accountability Report to the 28th CPSU Congress.

So how did the "founding fathers" of Soviet perestroyka analyze the situation?

As before the world remains an arena of struggle between socialism and capitalism. It was assessed in the following way for the first time at the 28th CPSU Congress: "Progress in our time is rightly equated with socialism. World socialism is a powerful international formation and it depends on a highly developed economy, a solid scientific base, and a reliable military-political potential."

And this is what that same report said about capitalism: "... the 'enlightened' 20th century has gone down in history as the century of the bloodiest wars, the debauch of militarism and fascism, genocide, and deprivation for millions, born out of imperialism. In the world of capital, ignorance and obscurantism rub shoulders with the high achievements of science and culture."

The West's accomplishments in the field of science and technology and in the production of "consumer goods" were explained as follows: real historical progress curtails the possibilities of capitalism, which is gradually losing its positions both in international relations and in the minds of people. However, ruling circles in the capitalist states are not about to surrender to socialism without a fight. "In this context," A.N. Yakovlev said in February 1985 at a meeting of the USSR Academy of Sciences Presidium, "Washington has had to activate to the maximum an aggressive strategy in all spheres of world development, whether it be economics or technology, policy or ideology, weapons or military strategy, moral or psychological pressure on other states."

Another node of contradictions that the 28th CPSU Congress signaled was found in the mutual relations between the "three main centers of present-day imperialism, namely, the United States, West Europe, and Japan." According to the analysts, this node formed for two reasons: First, America had started to yield its positions to the Japanese and West Europeans in the economic and scientific and technical fields, and second, it was reckoned that West Europe and Japan were more predisposed to cooperate with the Soviet Union but the White House was preventing it.

Soviet scholars pointed out that in the face of the inevitable collapse of the ruling elite in the United States and its NATO allies, which were moving steadily to the "right," anticommunist and militarist sentiments were gaining strength. To put it more simply, our political experts feared that, sensing that its end was near, imperialism would do something irretrievable—start World War III.

So the Soviet Union's foreign policy strategy was also built on the basis of this analysis during the first years of perestroyka.

**Strategy**

In order better to clarify its essential nature, here is one more quotation from the materials of the 28th CPSU Congress: "Ruling circles in the United States are losing any realistic perspective in this far from simple period of history. Aggressive international behavior, the growing militarization of politics and thinking, and disregard of the interests of others are leading to the moral and political isolation of American imperialism and to a wider gap between them and the rest of the mankind."

Thus, the main goal of Soviet foreign policy strategy was this: to isolate the "ruling elite" in the United States even more, to widen and deepen this gap, and then to shove American imperialism into it and bury it there forever. In practical terms it was a question of a peace offensive by socialism against capitalism on a world scale.

That could be prevented, for Reagan could have unleashed a war. Now it sounds preposterous—both about war, and about Ronald Reagan—but I remember quite well the daily sense of threat from the day that he moved into the White House. At night I would awake always from the same dream: I am standing on the Lenin Hills and I can see the "mushroom" from an atom bomb rising up over Moscow. And I recall how young couples were reluctant to have children: They would just die in a nuclear war.

In order to eliminate the threat of war Moscow activated the disarmament talks that had been under way for years at the expert level in Vienna and Geneva, and those talks were elevated to the level of the leaders of the two states. At the same time, in order to expand and deepen the gap between imperialism and world public opinion, which also included "simple Americans," the Kremlin launched an unprecedented propaganda offensive: On 15 January 1986 the Soviet Union announced a program for the total elimination of nuclear weapons throughout the world in 15 years.

The years 1985 and 1986 became a time when so-called "people's diplomacy" flourished. The first Soviet-American television bridges were established; they are now remembered only in connection with the widely publicized statement of a poorly informed Soviet woman about the absence of sex in our country. "Delegations of the Soviet public" going across the ocean became more frequent, as they attempted to debate the fate of the planet, not with a U.S. Administration that was hopelessly out of touch with life, but with "simple Americans."

In fact, "people's diplomacy" did play a major role in normalizing relations between the USSR and the United States: Many Americans saw live Russians for the first time. I remember how one of the "people's diplomats" talked about a woman from the American heartland who came to him, shook her finger at him and then said: "When we say 'blacks' here, I see people with black skin. And I used to think that the 'Reds' were people with red skins!"

The strategic goal of "people's diplomacy" was as follows: to destroy the "image of the enemy," that is, to convince Americans that the "Russians" are also people and do not want war, but that the U.S. military-industrial complex and the White House, which is to blame for it, do want it.

It should be noted that the "people's diplomats" had nothing to do with human rights, in particular the issue of freedom of exit and entry; they were strictly organized and controlled. In 1985-1986 the positions of the Soviet Union in the human rights sphere were unshakable: dissidents continued to rot in psychiatric institutions and camps, and only individual Jews were being allowed abroad.

In order to drive a wedge between the United States on the one hand and West Europe and Japan on the other, Moscow launched a diplomatic offensive on the European and Asian fronts. Several propaganda theses were put into circulation. The first was that in World War III, the White House would not consider its allies but would sacrifice them in order to divert the main strike away from American territory. Second, the United States was hampering the development of trade and economic relations between West Europe and Japan and the Soviet Union because it did not want to strengthen its own competitors.

That was the start of our new foreign policy. Within the country the Soviet leadership set course toward accelerated economic development while preserving the old system, and in the international arena it engaged in attempts to launch a peace offensive against capitalism.

And when today the "stalwart party people" announce that destructive anticommunist forces came to power in the USSR in the spring of 1985 and surrendered the gains of world socialism without a fight, I would like to say this to them: Just remember, brothers! Calm down for a moment and read the documents of your own party: the foreign policy course set by the Soviet Union at the beginning of perestroyka was fully in line with the ideals of Lenin and the October Revolution. And the plan for the Soviet peace offensive was much bolder and much more sophisticated than the meaningless buildup of nuclear muscles and references to "limited contingents" in other countries.

It is another matter that it was built on an incorrect analysis of the international situation. This error should be added to the others that the Soviet leadership is now recognizing—the strategy of acceleration, the anti-alcohol campaign, and so forth.

The greatest service rendered by those who led our perestroyka is that they have the ability to acknowledge their mistakes and finally move into the channel of objective historical processes without trying to stand

history on its head. This has also been the case with the concept for the Soviet Union's foreign policy. Time has shown that the concept developed in 1984-1985 does not work, and it has been abandoned. And in this case what appeared was that quality of M.S. Gorbachev that is admired by politicians and political experts throughout the world, namely, his ability to turn mistakes into accomplishments.

**Change of Course**

Recognition of the mistakes of past has, naturally, not occurred all in one day. In my opinion, the "first bell" was sounded after the Soviet-American summit meeting in Reykjavik in October 1986. During one-on-one talks with Ronald Reagan, M.S. Gorbachev almost got the President of the United States to agree to sign a treaty on universal nuclear disarmament. Although not supported by his advisers, Reagan was still about to accede, but one obstacle still remained—the "Strategic Defense Initiative," the pet project of the White House boss. Gorbachev tried to convince him to abandon SDI, but Reagan would not.

When the West learned that the President of the United States had almost agreed to total nuclear disarmament, there was a scandal. He was accused of betraying the interests of the Western world, and it was said that because of senile decay he had almost handed civilized mankind over to the power of the communists. And in West Europe Reagan was criticized almost as much as in the United States. It was precisely then apparently, that they realized in the Kremlin that West Europe would not break with the United States, and that American nuclear missiles and submarines were perceived by the West Europeans as a guarantee against Soviet missiles and tanks.

"People's diplomacy" had only partly fulfilled its mission: People in the West had been convinced that not all Soviets went about in fur caps with red stars, and not every Soviet would smash his glass after drinking some vodka and eat the pieces of glass. At the level of personal conversation everything was "all right," but the distrust of the communist government remained. To the question "Do the Russians want war?" the West Europeans did not have an unambiguous answer. Perhaps simple Ivan did not want war, but what about Igor or Mikhail? For at any moment they could give the order for Soviet tanks to attack. The distrust grew after Moscow took several days to announce the Chernobyl tragedy to the world, which prevented our neighbors from taking steps against the nuclear clouds that rolled across Europe.

The next factor was human rights. Organized trips abroad by "representatives of the Soviet public" and the rationed release of dissidents failed to convince the West that this problem had been resolved in the Soviet Union. There were no guarantees for the individual and political freedoms that are the criterion for democracy for the Western consciousness.

And the most important thing was that perestroyka slogans, which for most Soviet people had become a revelation—"more democracy, more socialism," "back to Lenin," and so forth—evoked no enthusiasm in the United States or the West European countries because they were firmly convinced that democracy is incompatible with Lenin and with socialism.

Meanwhile, the Soviet leadership arrived at the conclusion that the strategy of acceleration had failed and that the reasons for the inefficiency of the Soviet economy were deep-rooted. In 1987 M.S. Gorbachev started to talk about a braking mechanism, the harm done by the administrative command forms of management, and attempts to slow down perestroyka.

It is obvious that during those years, after making a more realistic assessment of the state of the Soviet economy, the leaders of perestroyka concluded that the "Soviet peace offensive" had failed and that they could not achieve any "sharp turn" in American imperialism. In the Kremlin they realized that the only way left to remain a highly developed power was to become part of the world economic system and be merged organically with it, abandoning the idea of "the Red flag over the White House."

But in order to be accepted into the system of the world community it was necessary to start living by its laws. And in Moscow they started talking about common human values.

M.S. Gorbachev talked about the priority nature of common human values both at the 19th All-Union Party Conference and during his December 1988 visit to New York, when he spoke at United nations. It was then that he pronounced the words that revealed the essential nature of the 1988 model of the Soviet Union's foreign policy concept: "The world economy is becoming a single organism outside which no state can develop normally, no matter what social system it belongs to, no matter what economic level it may have reached. This places on the agenda the task of devising a fundamentally new mechanism for the functioning of the world economy, and a new structure for the international division of labor."

The speech made a great impression on world public opinion. And not only because the Soviet Union had advanced the idea of a new world order. It was a new Gorbachev that stood on the UN dais—the Gorbachev model of 1988, the same year as the 19th All-Union Party Conference.

But that is not important for us now. It is something else that is important, namely that what stood behind the declaration about the need for a "new world order" was the thought that the Soviet leaders were trying to convey to the leaders of the Western countries that the world is so interconnected that if the economy of the Soviet Union collapses it will be bad for everyone. Therefore, you are obliged to help us.

And the West did not have long to wait. Literally a few hours after M.S. Gorbachev's UN speech there was an earthquake in Armenia, and help was sent there from many countries. It would have been much less had the leader of perestroyka not talked about the priority of common human values over class values.

The subsequent history of Soviet foreign policy is the history of the surrender of the gains of Soviet power on a world scale achieved during the 70 years of its existence. The withdrawal from East Europe, the unification of Germany, the suspension of aid to Nicaragua and Cuba, treaties in the field of disarmament by which we cut back our Armed Forces on much greater scales than our former enemies—all these events are quite recent and there is no need to describe them in detail. All that is necessary is to underscore the scheme: a Soviet economy that grows weaker with each passing month, the growing interest in aid from the West, the need to make concession after concession to it.

It is difficult to work out an offensive strategy. But it is even more difficult to surrender well-set-up columns. This task was laid on the shoulders of E.A. Shevardnadze, the USSR foreign minister, who was promoted to the leaders of perestroyka precisely during that period. And both he and M.S. Gorbachev possess a very valuable quality, namely, they were able to turn the defeat of the Soviet empire in the world arena into a victory for the new Soviet foreign policy thinking.

## Trade Union Confederation Secretary on International Activities

*91UF0736A Moscow TRUD in Russian 13 May 91 p 3*

[Interview with Igor Yurgens, secretary of the Council of the USSR General Confederation of Trade Unions, by TRUD correspondent E. Alekseyev; place and date not given: "Without Ideological Blinders"]

[Text] **The TRUD correspondent interviews Igor Yurgens, secretary of the Council of the USSR General Confederation of Trade Unions, on the confederation's international activity under the new conditions.**

[Alekseyev] In the Soviet trade unions, including in the USSR General Confederation of Trade Unions [GCTU], the process of the profound restructuring of their entire activity has far from ended. This is largely connected with the prospect of our country's transition to a market economy. The same factors primarily dictate for the GCTU the need to build anew its international work also. What is the view of these new tasks and the new principles for accomplishing them? What needs to be done for the GCTU's international work to be of maximum benefit to the entire activity of Soviet trade unions?

[Yurgens] Let us mention primarily that the idea shifting the center of Soviet trade unions' international work from predominantly political issues to the accomplishment of specific tasks connected first and foremost with the transition to a market economy was advanced by us ourselves—the trade union international affairs specialists. We wrote about this in TRUD prior to the 19th USSR Trade Union Congress, and the congress fully supported this approach.

Immediately following the congress, abiding by its decisions, we addressed to colleagues from France, Germany, Spain, the United States, and the Scandinavian countries a proposal that we send them groups composed of representatives of various member organizations of the GCTU—both sectoral and republic—to study the experience of unions working under market conditions.

In addition, we sent all Western trade union centers the most serious problems from the viewpoint of the member organizations. We are now receiving the material from them, which we will publish in summary form in VESTNIK PROFSOYUZOV. At the request of GCTU member organizations we are forwarding to them the wording of collective contracts and standards in effect overseas in the sphere of labor protection and other documents.

So, as you can see, it is not simply a question of "new tasks and new principles" but of work which has already been initiated.

There are difficulties here also, of course. For example, a number of organizations which are GCTU members, exercising their right of direct outlet overseas, do not see the need to coordinate this work, including the summation on an all-Union trade union movement scale of the results of such exchanges. Such a position, incidentally, is also gives rise to questions among overseas partners, who do not consider it expedient to fragment their ties to Soviet trade unions and who prefer to coordinate them at the level of the trade union center. It evidently makes sense to discuss this question specially with the member organizations.

An important service which the GCTU intends to render member organizations and other partners increasingly extensively is the allocation of information, primarily concerning experience accumulated by the unions of various countries in the sphere of protection of the vital interests of the working people.

Together with traditional types of information (letters, exchange of print publications, and so forth) we are beginning here to use fundamentally new forms based on modern technology. Employing computers and satellite communications channels, we are at present anticipating gaining an outlet to the vast data base of the International Labor Organization in Geneva, from which we will be able to obtain the necessary information on, specifically, international labor standards and social issues. It is also planned in the future to gain access to the data banks of other international organizations, including government ones.

[Alekseyev] Despite the proclaimed principle of a readiness to cooperate with everyone, in the recent past the

ideological approach was, nonetheless, predominant, as a rule, in the establishment of relations with one overseas trade union or another: What kind of union was this—class-based, reformist, or "yellow"? What is now being taken as the basis for development of relations with overseas trade unions?

[Yurgens] Yes, this was a failing of ours, generally speaking. Although it has to be said that the Soviet trade unions have always adhered to the principle of universality in the development of international ties. The same principle is preserved now also. But dropping the ideological blinders will facilitate for us, I believe, the transition to a practical basis of relations with the unions which we previously ranked as "reformist." Now, undergoing reform ourselves, we are learning from them a great deal.

At the same time, however, it has to be said that far from all in the West are free from an ideological approach. The leadership of the American AFL-CIO trade union center, in particular, views Soviet trade unions, as before, as "official," "pro-government," and subordinate to the CPSU, unwilling to take note of the fundamental changes which have occurred in our position in recent years. Westerners look at the trade union movement in our country for those who, it seems to them, are closer to them in their views, wishing to play this card against the GCTU and its members, objectively contributing to the division and, hence, a weakening of our trade union movement.

Having changed the priorities and forms of their work, the Soviet trade unions have an opportunity to remain an influential structure in the country's social and political life. The strike movement, which has brought forward certain new worker leaders, will undoubtedly renew the appearance of the trade unions, but will not substitute for the components which perform day-to-day work in the work force and enjoy its support. The attempts to split the workers' movement are not trade union policy and are ultimately unproductive, even for its initiators themselves.

[Alekseyev] In that same recent past relations with the unions of the European socialist countries were, undoubtedly, a priority for our trade unions. Following the changes which have occurred in these countries, the unions are changing or even entirely different ones are simply being created. How are the relations of the GCTU with these trade unions shaping up currently?

[Yurgens] We are following with attention and interest the development of the trade union movement in the Central and East European countries. Practically no representative trade union of this region has, it has to be said, declined relations with the trade unions of the USSR. We, in turn, are interested in a continuation of contacts and say so openly. After all, we have many problems in common, joint study of which and, subsequently, possibly, the formulation of a common answer to them also are entirely conceivable and desirable. In addition, economic relations between our countries will continue, and we will clearly subsequently come into contact increasingly with trade union colleagues in the states of this region on economic issues.

[Alekseyev] The World Federation of Trade Unions is not currently experiencing the best of times, to put it mildly. Voices can be heard saying that the term of its activity is altogether up. What is the GCTU's position in respect of this federation?

[Yurgens] Voices were heard at the 19th USSR Trade Unions Congress to the effect that it was necessary to withdraw from the WFTU, forgo the holding of the World Congress of Trade Unions in Moscow and so forth. The congress did not heed these voices and, as reality has shown, was right not to do so. The Moscow congress, which last November brought together a very broad and diverse body of participants, was constructive and formulated a trade union answer to the main problems of the nineties, particularly socioeconomic. Taking the decisions of the congress as a basis, the WFTU is updating its activity appreciably and has cut back sharply on the administrative system and expenditure. The objective prerequisites for it to become a modern organization corresponding to the requirements of its members, the Soviet trade unions included, have been created.

Responding to the philosophical part of the question, so to speak—has the WFTU not outlived its time—I would not want to over simplify matters. The history of the world trade union movement testifies that there have always been more conservative and more radical, left elements in it. Throughout the period following the 1949 split of the common world trade union center, the WFTU has been a place of attraction for forces of the left. It will remain so inasmuch as there are such forces both in the developed countries and, particularly, in the "third world." That the changes in the nature of production and the class and professional makeup of society under the influence of scientific and technological progress in the world and a number of other factors are objectively bringing the interests of the working people and the positions of the unions of various schools closer together is another matter. Were the other world trade union centers to agree to mutual disbandment and to form a common trade union organization of all or a majority of the world's trade unions, this would be a positive response to the challenge of the times.

[Alekseyev] It has already been mentioned that relations between the GCTU and the AFL-CIO have not yet taken shape. At the same time a number of sectoral unions in the United States are, as far as can be judged, displaying a desire to stimulate bilateral relations. How do matters stand here?

[Yurgens] I have already spoken about the barriers to relations being erected, as before, by the leaders of the AFL-CIO. At the same time there is evidence of a desire on the part of many sectoral unions to activate contacts.

A very clear manifestation of this was the generous gift of the American Longshoremen's Union in the form of medical supplies and equipment for Chernobyl, totaling $100,000, which was recently presented to the Soviet trade unions.

[Alekseyev] Has the GCTU presented any initiatives pertaining to the establishment of ties to the International Confederation of Free Trade Unions, the World Confederation of Labor, and the European Confederation of Trade Unions?

[Yurgens] We have been and remain open to contacts with these organizations in any form and to any extent, and they know and are responding to this. At the end of 1989 the World Confederation of Labor, for example, invited a delegation of Soviet trade unions to its congress, for the first time, I emphasize. The International Confederation of Free Trade Unions has maintained unofficial working contact with us for several recent years. A representative of the GCTU was invited to a seminar of the European Trade Union Forum, which was created last year by the European Confederation of Trade Unions.

All these steps can only be welcomed. We hope that a stage on this path will be the extensive participation of all European trade union centers, the WFTU, the ICFTU, the World Confederation of Labor and the European Confederation of Trade Unions in a trade union meeting scheduled for the start of September in Moscow devoted to the "human dimension" of the Helsinki process. It is conceived as a parallel measure to an interstate conference on the same topic.

## RSFSR's Kozyrev on Ties with Republics, Foreign States

*91UF0799A Moscow ARGUMENTY I FAKTY in Russian No 20, May 91 p 2*

[Interview with RSFSR Minister of Foreign Affairs Andrey Vladimirovich Kozyrev by ARGUMENTY I FAKTY Correspondent D. Makarov: "The Republic's Diplomacy"]

[Text] The times are changing. The republics are acquiring ever increasing independence and actively forming their own foreign policies. ARGUMENTY I FAKTY Correspondent D. Makarov converses with RSFSR Minister of Foreign Affairs A. Kozyrev.

[Makarov] Andrey Vladimirovich, how did you get this job?

[Kozyrev] In 1974, I graduated from MGIMO [Moscow State Institute of International Relations], worked at the USSR Ministry of Foreign Affairs, and moved from the position of duty consultant to head of the International Organizations Administration. They say that I was the youngest administration chief. I attempted to combine diplomatic work with scholarly and commentator work. I defended my candidate's thesis "without a break from work" and I wrote several books on world trade as a weapon.

Well, and during the period of glasnost, I became sufficiently furious to advocate the declassification of information on military-political issues. My articles probably also attracted the attention of the Russian Parliament and they offered me the post of minister.

[Makarov] You were confirmed in October 1990. Have you not been disillusioned since that time?

[Kozyrev] You know that the answer is no. I am actively seeking persons holding similar views. For now, the number of RSFSR Ministry of Foreign Affairs associates is small. But right now cadres are quietly streaming from the building on Smolenskiy Street to the one here on Mir Prospekt. Former dissidents are involved with the problem of human rights in our country. We need professionals in all spheres.

[Makarov] Your career is suspiciously dizzying. I recall that there was that Deputy Minister of Foreign Affairs Kozyrev. Is he not a relative of yours?

[Kozyrev] As they joke in Odessa, he does not even have the same last name. My father, by education an engineer, worked at the USSR Ministry of Foreign Trade his entire life and my mother was a night school teacher.

[Makarov] I do not doubt that you were a CPSU member....

[Kozyrev] I have not left the Party but the partkom at the ministry has been eliminated. Party membership—is a personal matter for each person during nonworking hours. I will not permit the conduct of any party's policy through ministry associates. The ministry must conduct the policy of the Supreme Soviet and of the government of the RSFSR and only that policy.

[Makarov] Until Spring, you and your ministry were known more for your "intraunion" activities—with your participation, Russia concluded a treaty with Ukraine, Belorussia, Kazakhstan, and the Baltic republics. And suddenly—a trip to Japan.

[Kozyrev] The President of the USSR's visit had been prepared for nearly a year and the participation of Russian representatives had not been planned. But after a number of B. Yeltsin's statements that it was impossible to conduct any effective foreign policy for the country without Russia's participation, this was correctly perceived by the Center and joint preparations of the Union and Russian Ministries of Foreign Affairs were begun for the visit.

Hardly anyone paid attention to the fact that already in the Fall Yeltsin had set forth a formula that had been confirmed in Tokyo at a meeting with the Japanese parliamentarians—recognition of the existence of a territorial problem between the USSR and Japan and an agreement to begin negotiations on its resolution with

Russia's participation. I think that all participants gained from this negotiating formula.

[Makarov] Was there any basis to Artem Tarasov's assertion on the Soviet government's intention to sell the four islands of the Kurile chain for $200 billion?

[Kozyrev] The talk about this gigantic sum certainly did not have any real basis. However, I think that any man has the right to express his assumption on any grounds and even to publish them. Therefore, I am surprised by the hysterical reaction to A. Tarasov's speech.

As for the uproar surrounding the impending visit, at times it has simply gone beyond the bounds of propriety. High ranking union and republic level figures have disseminated rumors that the islands may be returned to Japan for a tidy bribe. As a result, highly placed Japanese representatives themselves began to propose sufficiently large sums for these islands. For example, one of them proposed the sum of $28 billion.

At a meeting with these very representatives, M. Gorbachev himself rejected all ideas on the possible sale of the islands under any wrapper and put an end to this conjecture. And the Russian government supported him in this matter.

[Makarov] As a professional diplomat, what is your point of view on M. Gorbachev's diplomatic art?

[Kozyrev] I think that he really masterfully conducts negotiations. Here is something for professionals to study and I understand why the West is so ecstatic about him. But they immediately add that we would have greater success on the internal political front if he would turn this diplomatic art within the country for the good of multiparty diplomacy and for true centralism and not for the good of just one party.

[Makarov] Immediately after Japan, you traveled with I. Silayev to the United States. While criticizing others, did you yourself not travel there with your hand extended?

[Kozyrev] No, the essence of the visit was different: to calmly and in an organized manner show America that there is a Russia that wants to be in a renewed Union but at the same time will speak using its own voice.

[Makarov] Did American officials not attempt to play on the well-known contradictions between Russia and the Center?

[Kozyrev] Not once. The United States is interested in the preservation of the Union with its obligatory democratization. Retiring CIA Director W. Webster just recently once again confirmed this. Moreover, American politicians are worried about the fact that so far we do not have any programs on vitally important issues of the country's development: privatization, guarantees to foreign capital investors, and others.

[Makarov] If there was the normal favorable press about your visit to the United States, we cannot say that about B. Yeltsin's visit to France. The press noted that the visit was unprofessionally organized.

[Kozyrev] I would like such visits to be prepared with the more active participation of our ministry and in advance. As for its specific results, Boris Nikolayevich's speech at the Europarliament was a success. Very profound thoughts were set forth in it which will yet impact the development of political processes in Europe.

[Makarov] But how about the Europarliament Chairman's statement which stated that he did not like Yeltsin?

[Kozyrev] I think that the Europarliament Chairman's position is not the position of the parliament itself and moreover of Europe. President F. Mitterand recently said in Moscow that he is satisfied with his meetings with Yeltsin. Yes and the press was not only negative.

## Latvian MFA on Relations With U.S., U.K, Canada

*91UF0821A Riga ATMODA in English No 14, 30 Apr 91 p 6*

[Unattributed report prepared from information provided by the Latvian Foreign Ministry's Information Agency: "Western Countries Offer Cautious Support to the Baltic"]

[Text]Baltic-American Relations, 1991

American members of the Helsinki Watch Group, upon returning to the United States after a visit to Estonia, Latvia and Lithuania in March, urged active assistance for the three republics in regaining their independence. On March 8, S. Hoyer and eleven other Congressmen proposed a resolution, calling for the US to recognize the governments of Estonia, Latvia and Lithuania as being freely and democratically elected and expressing the will of the people; that close ties with the Baltic governments be established and maintained; and that the US help the Baltic States achieve observer status in the Conference for Security and Cooperation in Europe (CSCE).

The Helsinki Watch group's co-chairman, D. de Concini, has introduced a similar proposal in the Senate, which licences the US to grant economic aid to those governments which "are in transition from communism to democracy".

In March, A. Dickson, Vice-chairman of the US Senate Democratic majority, introduced a resolution allowing for "special relations" between the US and the Baltic States through the establishment of permanent trade missions, which, for the time being, could be maintained in Warsaw. According to Dickson, this would lay a foundation for the day when the US will be able to establish permanent embassies in a free Latvia, Lithuania and Estonia.

Plans for establishing a US information center in the Baltic, which began last fall, have been halted for the

time being, but according to J. Dobbins, and assistant to the Secretary of State, have not been abandoned. This center would be located in Riga, which the US government considers to be the most convenient site for the exchange of information between the Baltic and the United States.

Dainis Ivans, Vice-chairman of the Latvian Supreme Council, and Janis Dinevics, Latvian Popular Front parliamentary faction leader, returned from a visit to the USA in mid-April. Close cooperation with the states of Illinois, Minnesota and Maryland is likely in the nearest future. Maryland, for example, has offered to open a Baltic trade agency in Baltimore.

According to Ivans and Dinevics, several individuals, State Governors and Senators expressed their support for closer ties between Latvia and the USA. US Congressmen have agreed to push for necessary changes in existing legislation for the incorporation of Latvia into the Peace Corps program. Ivans stated that this would be a good way to invest foreign capital and intellectual potential in Latvia.

The US attitude towards the Baltic is characterized by an inclination to maintain the existing balance of power and not rush into drastic policy changes. This was apparent during the March 16 talks between Secretary of State James Baker and representatives from the three Baltic republics at the US Embassy in Moscow.

During the course of the meeting, Baker stated that negotiations between the Baltics and Moscow should begin without any preconditions, and that outright independence for the Baltics need not be a compulsory goal of the talks. Baker did stress that the Baltic States have never joined the Soviet Union voluntarily and that they therefore are not compelled to follow the procedures for secession as dictated by Moscow. At the same time, he spoke not of the complete reestablishment of independence for the Baltic republics, but rather of self-determination, which is a very broad and subjectively interpretable concept.

A significant gesture of US support for Baltic independence was President George Bush's reception of Estonian Supreme Council Chairman Arnold Ruutel at the White House, on March 29. During their 45-minute meeting, Mr. Bush expressed the hope that "good-faith negotiations" would resolve the Baltic question. However, despite the recent US policy of meeting with Baltic leaders, it seems unrealistic to anticipate early US recognition of the Baltic governments *de facto*.

**Baltic-British Relations, 1991**

As before, Great Britain has reaffirmed its sympathy for the Baltic independence movement. The Baltic question is intertwined with internal changes inside the Soviet Union, and British Prime Minister John Major's March 5 visit to Moscow was a significant event for the three republics.

Before meeting with President Gorbachev, Major, in a gesture of good will to the Baltic States, had an unscheduled meeting with representatives from these republics. Major stated that he is pleased with the democratic policies being realized within the Baltic governments, praising the Latvian and Estonian governments for not interfering in the March 17 Soviet referendum and letting all inhabitants do as they see fit.

Major later attested that Gorbachev has led him to understand that "as a result of constitutionally arranged talks," the prospects for Baltic independence seem clearly forseeable.

On March 10 a group of British parliamentarians arrived in Latvia, representing the Conservative, Labour, and Scottish parties. Labourist P. Flynn stated that although the majority of the British Parliament recognizes the need for Latvian independence, opinions differ on how to support the Baltic. Many question whether this should be done by putting pressure on the Soviet Union. The British representatives offered to suggest that their Parliament grant concrete aid to the Baltic States. Latvian president A. Gorbunovs propounded the establishment of Baltic information centers in London, which could eventually develop into diplomatic representative agencies.

It appears that the British government is interested in saving the existing Soviet Union and wishes to see an improvement in relations between the Kremlin and the Baltic States. London still firmly backs Mikhail Gorbachev. The British government apparently views the Soviet leader as a reformer whose plans for democracy and the self-determination of individual republics is being impeded by conservation forces within the Soviet governmental structure.

Major has mentioned a possible 5-year secession period for the Baltic States, which conflicts with Great Britain's position that these countries were illegally annexed. Although representatives from the British government have implied that they are preparing to officially recognize the Baltic governments, it seems doubtful that this will happen in the near future.

**Baltic-Canadian Relations, 1991**

Economic relations between the Baltic and Canada continue to grow. Latvian and Canadian governmental representatives have agreed to establish a program in which Latvian farmers would be trained in Canada. The Canadian government has also agreed to grant technical aid to promote Latvian agriculture.

A deputy of the Canadian Liberal party, G. Fliss, who was in the Baltic during the time of the Soviet referendum, has invited the Canadian government to initiate an international conference on the Baltic question, in which the legality of the Soviet annexation in 1940 and related subjects would be discussed.

On March 6, Joe Clark, Canada's Secretary of State for External Affairs, wrote to the Latvian Supreme Council, reaffirming Canada's support of the Baltics' struggle for independence, and that Canada, as always, recognized the Latvian state *de jure*. The Canadian government plans to establish a Baltic information center in Toronto.

## Emerging Role Of Lithuania's Foreign Ministry Viewed

*91UN1411A Vilnius LIETUVOS RYTAS in Lithuanian 15 Feb 91 p 3*

[Interview with Valdemaras Katkus, deputy minister for Foreign Affairs, by Ruta Grineviciute: "At The Eternal Crossroads: Between West And East"]

[Text] **For many decades, Lithuania's Ministry of Foreign Affairs did not play even a symbolic role. The small, two-story house on quiet and prestigious Akmenu Street was unknown and inaccessible to most people. Only in the last year has there been talk about a foreign policy for Lithuania. It became possible to start thinking about that following the first reorganization of the Republic's government. This Ministry should be the one to grow the most. However, all of them grew except for this one. Leaders of Parliament and the Government argued over who would direct foreign policy while the Ministry of Foreign Affairs itself remained some sort of secret office. In meeting with Valdemaras Katkus, Lithuania's Deputy Minister for Foreign Affairs, who is currently Acting Minister, my first question was whether the center of gravity for the Republic's Ministry of Foreign Affairs would finally pass to his Ministry, as is the case in the civilized world.**

"Lithuania has not had a Ministry of Foreign Affairs for 50 years," responded Katkus. "When we were getting ready to pass our statute we could find no documentation by which the Lithuanian Soviet Socialist Republic's Ministry of Foreign Affairs would have been guided. Apart from this, the nonrecognition policy of many foreign states would not allow them to cooperate with Lithuania officially. We had to create a Ministry of Foreign Affairs from scratch. When we first arrived, not one lawyer worked here. Now we have a Department of International Agreements and Rights and a Department of Political Economics. The latter analyzes and forecasts Lithuanian foreign policy. The Ministry's territorial departments—Scandinavia, Central and Eastern Europe, Western Europe, the USA and Canada, and the Pacific Rim—project the Lithuanian Republic's relations with these countries. A passport system is being established in the Consular Section. We are founding information offices in foreign countries. One has opened in Denmark; another will open in Stockholm in March. We are negotiating with the Ministries of Foreign Affairs of Poland and Czechoslovakia. We hope to open about 10 representations in foreign countries by year's end which will pave the way for ambassadors."

[Grineviciute] Every capital has an embassy row, a special section set aside for consular offices. What part of Vilnius will be used for this if other countries follow Iceland's lead?

[Katkus] The local administration of Vilnius has offered 23 buildings that could be used for foreign embassies. We are considering using the Turniskes section of the city as a possible site for ambassadorial residences.

[Grineviciute] What are relations like between the Ministry of Foreign Affairs and Mr. S. Lozoraitis' leadership of Lithuania's embassies to the Holy See and in Washington?

[Katkus] In America, for all practical purposes, we operate solely through the legation headed by Mr. Lozoraitis. We will not institute a parallel structure; we may just propose to Mr. Lozoraitis the addition of an advisor from Lithuania.

[Grineviciute] The relations between the leaders of the Lithuanian Republic's first government and Mr. Lozoraitis were rather cold.

[Katkus] This did not represent a conflict between the old structure and the leadership of the new Lithuanian Republic. Many people traveled there and Mr. Lozoraitis organized their visits to the White House and other places. If there was any tension between him and Mrs. Prunskiene, then I do not know about it. Stasys Lozoraitis attunes his policies to those of the Lithuanian Republic's Ministry of Foreign Affairs.

[Grineviciute] It would be interesting to know what the Ministry thinks of K. Prunskiene's visit to Europe.

[Katkus] It would be difficult for me to comment on Mrs. Prunskiene's visit because we have no information about it and I do not want to form any opinions based on press accounts. I would first have to speak to her myself.

[Grineviciute] Who will teach and train Lithuania's professional diplomats?

[Katkus] Diplomats are starting to be trained at Vytautas Magnus University. We ourselves are organizing a half-year diplomatic school. Apart from this, we are sending people to study abroad in the Ministries of Foreign Affairs of other countries where they will learn languages and gain practical experience. This has already been arranged with France and Scandinavia.

[Grineviciute] What do you think of the diplomats trained by the USSR?

[Katkus] We have written to all Lithuanians serving in or training for diplomatic careers. We have spoken with each of them individually and have asked them if they are planning to return to Lithuania. Only a few have agreed to come home. Most chose to remain with the USSR diplomatic corps.

[Grineviciute] Relations with Russia were never a pleasant obligation for Lithuania's politicians and diplomats although Russia always demanded and probably will continue to demand most of their attention.

[Katkus] The Russian Federation assumed significance last May when the RSFSR Parliament was formed. Eight months have gone by since then and we have agreed to base our relations on inter-country agreements. Item 19 of the Agreement provides for the exchange of representations. We trust that the representation of the Lithuanian Republic in the Russian Federation will be established in Moscow and branches in Leningrad and Kaliningrad. Just this past Monday we discussed how to implement this Agreement with A. Fyodorov, the deputy minister of Foreign Affairs for Russia who was visiting Lithuania. We also discussed our views of both countries conducting foreign policy. The Russian Federation hopes to conduct its foreign policy through the USSR Ministry of Foreign Affairs or its structures in foreign countries. This is very important because the Russian Federation will be able to influence Soviet opinion on Lithuanian participation in the Helsinki process. As you know, at the present time that opinion is categorically negative. We also spoke with Mr. Fyodorov about changes in the USSR Ministry of Foreign Affairs, about the possibilities of working with the independent association of Ministries of Foreign Affairs that E. Shevernadze is instituting.

[Grineviciute] How successful are you at working with the USSR Ministry of Foreign Affairs, with its new Minister?

[Katkus] E. Shevernadze was a much stronger political figure enjoying support from the entire Soviet state structure. The new minister, Bessmertnykh, came from abroad and it is still under discussion in Moscow whether he is a member of the USSR Cabinet of Ministers. So far, we have only corresponded with him for a possible meeting between him and Saudargas. The first issue to discuss will be how to turn the Lithuanian Republic's representation in Moscow into an embassy.

## Bickauskas Views New Directions in Lithuania's Foreign Policy

*91UN1411B Vilnius LIETUVOS RYTAS in Lithuanian 1 Mar 91 p 1*

[Interview with Egidijus Bickauskas, representative of the Lithuanian Republic's Government in Moscow, by Ruta Grineviciute: "I Am Neither An Outsider Nor A Full Member"]

[Text] [Grineviciute] Do you still feel you are necessary here now that the Republic's government has changed?

[Bickauskas] First of all, I do not work here for this government or that government. The only criterion is that the government must seek by democratic means to implement the Act of March 11. Changing leadership at this time was not useful for Lithuania in an international sense. Western states value stability, especially when state recognition is being weighed. I meet many foreign diplomats and I know that even my sudden withdrawal from this post could be viewed as a change in Lithuanian foreign policy. Another reason is that many young people from Lithuania have begun to work at the representation. A pretty good group is forming which needs help to stand on its own two feet. Personally, as I have said several times before, I do not plan to be here for a long time.

[Grineviciute] Can you elaborate a little on the change in Lithuania's foreign policy which you just mentioned?

[Bickauskas] The first government's foreign policy was pretty moderate, and this suited international standards. A change in policy could be interpreted as a radicalization. The West does not at all understand categorical decisions when you can avoid them except to serve one's own needs. It is necessary to be able use all acceptable methods to convince them that our interests suit, or at least are not in conflict with, the interests of other countries. By the way, I must admit that the statements by the new Prime Minister pleasantly surprised me in their moderate tone.

[Grineviciute] In the sense that we are taking adequate Soviet economic measures?

[Bickauskas] I am not commenting from the point of view of USSR politics. What I liked was that he did not come in just to all-out undermine everything

[Grineviciute] Should your presence here be considered as the amortization of the Parliamentary Leadership's hard-line policy toward the East?

[Bickauskas] Let us not make a mistake by picking apart Lithuania's leadership. These decisions were made by the entire Parliament, including myself (even had I voted against it). One also should not assert that the only decisions coming out of Lithuania are radical. It would be more accurate to say that I am trying to amortize certain decisions. I would not say that my situation is in any way extraordinary. This is how diplomats earn their daily bread, particularly when you are a representative in a country that is not particularly friendly to you and which does not feel a great love for Lithuania.

[Grineviciute] Is it easier for you now that you can loyally represent the Parliamentary majority in the Government? There has probably been a decrease in contradictory instructions from the Government and from the Supreme Council?

[Bickauskas] Things are better than before. At least now I do not have to explain that everything is in order, that the differences of opinion between the Government and the Parliament are only nuances.

[Grineviciute] As a people's deputy, you belong to the centrist faction. You are, therefore, one of those who opposed the Parliamentary leadership and its right wing in forming the government.

[Bickauskas] First of all, they were not always opposed. Now it is hard to understand what it the so-called right wing or left-wing. I have to distinguish only between two things: as a representative of the government, I am obliged to implement and do implement its official policy, regardless of whether I like it; but as a deputy, I have my own opinions, which no one forbids me from expressing unofficially.

[Grineviciute] Do you feel that you are a full member of the diplomatic corps in Moscow?

[Bickauskas] The Lithuanian Republic's representative in Moscow will be a full member when his authority is accepted here. I know many diplomats working in Moscow. Many of them know me. I am neither an outsider nor a full member...

[Grineviciute] Does the Eastern policy differ between that of the former and that of the current Lithuanian leadership?

[Bickauskas] Doubtless, the strategy will remain the same. The tactics, however, are as yet unclear.

[Grineviciute] What, in your opinion, should that policy be, taking into account the events of the past month?

[Bickauskas] The president of the USSR formed a new delegation for negotiations with Lithuania which, in my opinion, is not authorized to solve USSR-Lithuanian Republic relations at a state level. This delegation could solve certain concrete economic questions, the return of occupied buildings, perhaps even army issues. Lithuanian's governmental delegation should also consult more widely, correspond only with the leaders of the USSR. Our leadership could comprise its own delegation which would work with a new USSR delegation. It is not necessary to lessen the authority of the Lithuanian State delegation through ties with lower level representatives. The policy of the USSR has become more rightist, but we have to continue our own, albeit somewhat more flexibly. After Boris Yeltsin's proclamation over television, our signing an agreement with Russia, and particularly its ratification, become more complicated. So, let us think about what we can do. I think that Lithuania still has a long road to suffer. We can expect a new blow from the USSR in about three to four months, when the economic situation in the USSR deteriorates and, correspondingly, in Lithuania. May God allow the people to endure it. I would like to be an optimist.

## Press Conference on Final Steps to Liquidate CEMA

*91UF0767A Moscow RABOCHAYA TRIBUNA in Russian 21 May 91 p 3*

[Article by Vladimir Mikhaylov: "CEMA at the Finish Line"]

[Text] The enormous CEMA complex in Moscow will very soon be orphaned—journalists finally believed this when it was announced to them: the press conference to which they had been invited would be the last. No, it is possible that similar meetings with the press will be conducted here in the future but neither this conference hall nor the entire complex will still belong to the CEMA because the Council for Mutual Economic Assistance will have ceased to exist.

As we all know, the decision to liquidate this organization was made as a result of the fact that the new political and economic realities of its participants have transformed the CEMA into a fiction. And now its permanent representatives have gathered in Moscow for the last time to resolve, roughly speaking, technical issues.

"The activities of all CEMA organs will cease 90 days after the final session's protocol has been signed which will occur on June 28, 1991 in Budapest," stated Hungarian Republic Representative and Minister of International Economic Relations Mr. Bela Kadar. "During this time, legal and property issues will also be resolved within the framework of the liquidation commission that has been created. Legal cessation of CEMA activities will occur during the course of 90 days because it is this time period that the legislation of some states stipulates. And at the same time it will be totally adequate for the liquidation commission. There will be no extravagance at the last session—delegations will be headed not by heads of state but by the countries' permanent representatives to the actually already former CEMA.

"But the dissolution of the organization does not nearly signify that cooperation will be terminated. On May 18, consultations occurred on discussion of the forms in which we will continue to cooperate," Mr. Kadar stressed. "The opinion was unanimous: Our economic relations will begin to develop based on bilateral agreements. At the same time, a new forum will be created for information and coordination of issues that are worrying everyone, such as adapting to the world market, scientific research and development, and protecting the environment. A group of experts will begin work to elaborate goals, tasks, and the framework of the new stage of cooperation immediately after completion of the Budapest meeting."

The journalists had many questions. While answering them, the press conference participants pointed out that it was impossible to say anything specific with regard to the division of property but it was clear that the USSR will want to purchase the complex in Moscow.

They paid particular attention to the discussion of the difficulties of the future development of cooperation that has been caused by the new system of reciprocal payments. If practically everyone agreed that the introduction of world market prices was totally rational, in the eyes of the majority the departure from the barter system and the shift to convertible currency had inflicted serious damage to trade. The exports of a number of countries, specifically the Soviet Union, have dropped dramatically, not because our country does not need the commodities being offered but due to a shortage of hard currency. This is seriously hurting our partners. Production is dropping, unemployment is rising, and they in turn are deprived of the opportunity to acquire Soviet equipment in sufficient quantity. The meeting participants raised these questions to the Soviet government which responded with understanding and with a readiness to render assistance.

USSR Council of Ministers State Foreign Trade Commission Chairman Academician Stepan Sitaryan discussed in detail the way out of the situation which has been created.

"Having analyzed the situation," he said, "we are taking steps when possible to mitigate negative consequences. First, we are making efforts to pay each other better. Second, we are trying to include national hard currencies in the payment process. And, third, right now we have made coordinated decisions to more widely resort to commodity turnover and barter operations in order to more actively and directly involve producers and regions in economic relations through these channels. This process is being established right now and we think that it will manage to restore trade relations to the former level....

And the press conference ended on that optimistic note. We will also be optimists, although, as one meeting participant noted, the planned steps are good but the main thing is that they actually be taken.

## Asia, Africa Solidarity Organization Chief on New Global Relations

*91UF0751A Moscow AZIYA I AFRIKA SEGODNYA in Russian No 4 Apr 91 pp 24-25*

[Interview with Murad Galeb, president of the Afro-Asian Peoples Solidarity Organization, by Vladimir Turadzhev: "Solidarity Has Been Highly Prized Throughout the Ages"; date, place not specified]

[Text] **The last decade of the 20th century will undoubtedly go down in history as a paradoxical phenomenon. The overall warming of the international climate, the end of the "Cold War," the rapid process of democratization engulfing the once reserved zones of totalitarianism, all of this, and a great deal more, is evidence of major positive changes of a global nature. At the same time, in many regions of the world the political-ideological, socioeconomic, and ethnic-religious problems have worsened, threatening an explosion of enormous destructive power. In the Near East, Iraq's foolhardy aggression against Kuwait generated a snowballing chain of tragic events, mutilating the fates of millions of people. The East European countries and the Soviet Union feverishly seek a way out of the deepest crisis, ready to turn into a disaster of planetary proportions. The threat of monstrous famine hung over the African continent, torn by the forces of separatism, and other broad international aid is capable of saving its peoples.**

**These two global tendencies—renewal and destruction—graphically show in what a small, interdependent world we live, how necessary mutual understanding, sympathy, and support are to all of us, the major and the minor peoples, and how intolerable national egotism is now.**

**In the meantime, with ever-greater frequency there flash through the pages of certain Soviet newspapers and magazines, and are heard on the radio and television even more appeals to fence ourselves off from alien problems, to refuse to collaborate with those countries which are not "advantageous," particularly with the developing countries. Murad Galeb, president of the Afro-Asian Peoples Solidarity Organization (OSNAA) speaks bitterly on this topic in his conversation with AZIYA I AFRIKA SEGODNYA correspondent Vladimir Turadzhev.**

[Correspondent] Doctor Galeb, the international organization headed by you has won the gratitude of many peoples of the world. At the source of the solidarity movement stood the Soviet Union, which considered it its internationalist duty to aid and support the forces of national and social liberation. Today, certain circles both in our country and abroad are attempting to blacken this aid, to take it out of historical context, and present it as an implement of USSR interference in the affairs of others. What do you think on this issue?

[Galeb] The Afro-Asian Peoples Solidarity Organization was formed at an historically important time, one characterized as a phase of great revolutions carried out by national liberation movements of the peoples of Africa, Asia, and Latin America. The solidarity movement was founded at the Van Dong conference held in April 1955. The organization undoubtedly played an important and effective role during that phase; it made a weighty contribution to the cause of liberation of a large number of countries of the "third world." Many members and solidarity committee leaders of these countries subsequently became heads of state on the African continent.

The Soviet Union acted as a most reliable support of people's revolutions directed toward liberation and acquiring independence from colonial countries. This is the period during which the anti-colonial, anti-imperial front was formed; it included the socialist states and the peoples of the "third world." Service in the liberation of peoples of three continents belongs to this front, particularly to the Soviet Union. In light of this, I would like to note the outstanding role of the Soviet committee of the Afro-Asian Peoples Solidarity Organization, which steadfastly took up the vanguard position in aiding and promoting the creative initiatives aimed at strengthening the Afro-Asian solidarity movement.

[Correspondent] It is said that instead of aiding "third world" peoples, the Soviet Union should have directed these resources to the needs of its own development, that solidarity is too expensive a satisfaction, for which the Soviet people are now paying the high price of personal deprivations. Is this the case?

[Galeb] Yes, you bore a heavy burden in aiding the "third world" during the times of opposition to imperialism and colonialism. Let me tell you, however, that the relations between you and the "third world" were not a one-way street even during that phase. On the contrary, they were constructed with consideration for mutual interests. The "third world" countries have been paying off and continue to pay to the USSR significant amounts of their "civil" debts.

At the same time, I would like to gratefully acknowledge that you always perceived the problems of the "third world" as being very close, and it is impossible to compare your assistance, the level of commercial-economic relations existing among our peoples, with the relations imposed on us by the capitalist countries. In the matter of cooperation, you proceeded above all from a desire to promote the development of our economy, society, to strengthen independence and freedom. The other side, while delivering aid, attempted to reinforce our dependence on the capitalist system, to emasculate the principles of the independence of the "third world" peoples.

[Correspondent] It is no secret that certain "third world" countries felt fairly comfortable under conditions of confrontation between the two sociopolitical systems. They received rather generous tips for loyalty. Naturally, we are speaking of corrupt rulers who simply plundered foreign aid. Today, it is they who scream the loudest that they have been betrayed, that the new political thinking

is advantageous to the West and the Soviet Union, but it offers the "third world" only grief.

[Galeb] We are presently experiencing a totally new phase, which may be characterized as an era of the priority of common human values. The Soviet Union holds the foremost service in the establishment of the new type of international relations. It was the author of the creative approach to the essence of these relations, and made a contribution to the cessation of the "cold war," promoting the state in which mutual understanding and cooperation replaced confrontation, laying a foundation for wide progress in the limitation of nuclear and conventional armaments. You appealed to de-ideologize international relations—and the specter of nuclear war receded; peace became more perceptible, and our land strove into the future, in which calm and prosperity must rule.

We regard with understanding your hopes and desires, your view of the new world, new international relations which opened real opportunities for the establishment of a new international order. We also welcome your efforts in perestroyka, which became a necessity during the era of the science and technology revolution, the era of modern communications, robots, computers, and alternative raw materials. There is no decent person among us who would want to set back the clock of history so that the would could return once more to confrontation and the "cold war."

[Correspondent] Do you feel that political and commercial-economic relations between the USSR and developing countries must be strengthened and expanded?

[Galeb] Indubitably. The modern world demands of us totally new approaches to policy and strategy, and rejection of previous methods. Naturally, your priorities now are different from your previous ones. We regard this with understanding. However, let me say frankly that in this we hear many voices condemning your relations with the "third world," considering these relations to be the cause of many of the crisis phenomena that the Soviet Union is presently experiencing. These voices assert that cooperation with backward countries can only lead to backwardness. We have no claims against anyone for such an approach. I understand that such interpretations may emerge during the transition period which the Soviet Union is now experiencing, with the accompaniment of great difficulties. Voices resound, asking: "What did we lose in the 'third world'? The Soviet Union is on the threshold of great transformations, and it should develop relations with the industrially developed countries of Europe and America." We are hardly against such logic. We understand that your priorities have been reoriented toward the development of relations with these countries.

At the same time, I would like to ask whether it is in the interests of the Soviet people to distance itself from Africa, Asia and Latin America, where two-thirds of the world's population is concentrated. And this is at the same time when the industrially developed countries are doing everything possible to strengthen their economic positions here. Doesn't the existence in Western countries of a great number of scientific research centers specializing in the problems of the "third world" testify to the enormous attention given it? We feel that the "third world" remains important to you. The transition period which the Soviet Union is presently experiencing will last a few years, after which the USSR will produce products capable of competing. The vast markets of the countries of Africa, Asia, and Latin America are capable of assimilating Soviet products in exchange for raw materials and consumer goods produced at a modern technological level. The prospects here are enormous.

[Correspondent] What is the role of the OSNAA under the new conditions?

[Galeb] The peoples of Asia and Africa are extremely concerned with the existence of an organization such as OSNAA, since it is the only organization of these two continents capable of defending the interests of the "third world," of working out a new strategy and policy under conditions of the modern, rapidly changing world. Now it is the "third world" alone that opposes the system of the new world supremacy, in which so little of traditional capitalism has remained; the system has become more insidious, ambitious, and refined. We are sinking deeper into debt and internal problems.

I am not going to go into detail about these problems, but I can say that the peoples of Asia and Africa need the OSNAA now even more than during the period of the struggle against colonialism in order to oppose the system of robbing the "third world." Suffice it to say that the urgent problem of Africa today is survival, not to die of hunger.

[Correspondent] Mr. President, you feel that the "third world" has been left one on one with its former oppressors, with its own problems. Why is your assessment of the situation so gloomy? Despite all the striking changes that have taken place in the Soviet Union's foreign policy in recent years, it does not intend to refuse cooperation with developing countries. In any case, that is what its leaders talk about. And certainly this cooperation will become more effective if it sheds its ideological skin. And surely our relations will become more honest and open if we free ourselves of the dogma of confrontational thinking and truly make common human values the priority?

[Galeb] I sketched, in all honesty, although somewhat laconically, a picture of what is happening in the world. Perhaps my frankness is far removed from diplomacy, but I preferred to say it that way, since I feel I am talking with friends. We do not wish to get into a confrontation with any sort of power, and we do not feel that the policy of the South is one of opposition and challenge to the North. We want cooperation and mutual understanding. The world is now much more interconnected and interdependent; mutual assistance and mutual gain rule in it.

The world economy has become more integrated, and we cannot consider ourselves to be out of touch with the rest of the world and the world market. We need the North, which possesses the leading technology and is at the same time the biggest consumer of the products and raw materials of the countries of the "third world."

We don't ask the impossible of you, and we understand full well the nature of the new world order, your policy of new political thinking. And if the Soviet Union played a big role in supporting OSNAA during the phase of the liberation struggle against colonialism, then we hope for this aid now as well. Solidarity has been highly prized throughout the ages.

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## State Foreign Economic Commission Official on Currency, Trade Issues

*91UF0757A Moscow EKONOMIKA I ZHIZN in Russian No 18, Apr 91 p 15*

[Ivan Dmitriyevich Ivanov, USSR Academy of Sciences corresponding member and deputy chairman of the USSR Council of Ministers State Foreign Economic Commission, answers questions asked by readers of EKONOMIKA I ZHIZN in the rubric Foreign Economic Activities: The Time Has Come to Switch to "Second Gear": "Different Questions But Only One Market"]

[Text] **Problems related to the foreign economic activities of enterprises and organizations of Union republics have become quite pressing in the course of the conversion of the national economy to the market. They are described in our publications and, in particular, in "Foreign Economic Activities: Time to Switch into 'Second Gear'" (EZh, No 13, 1981, p 12). Following this and other publications, business people concerned with the fate of the foreign economic complex of the Soviet Union have addressed themselves to the editors: B. Dizenfeld, director of the Service, Production, Science Center, Odessa; L. Lapudo, financier from Naro-Fomisk; G. Darkenbayev, economist (Alma-Ata); R. Zinenko, director of a youth center in Karelia; A. Andreyev (Pervomaysk, Lugansk Oblast); businessmen H. Lambert (United States), G. Conte (Italy), O. Pak (South Korea), and others. The readers expect from EZh specialized methodical aid and explanations about the essence and content of the packet of market laws. Their questions are answered by Ivan Dmitriyevich Ivanov, USSR Academy of Sciences corresponding member and deputy chairman of the USSR Council of Ministers State Foreign Economic Commission, guest of "Business School".**

[Question] Ivan Dmitriyevich, please tell us about the interconnection between the Soviet currency and the currencies of other countries and the concept of the partial convertibility of the ruble. Is it not time to get rid of the multiple exchange rates of the ruble?

[Ivanov] Unquestionably, we need a convertible ruble in order to ensure the successful integration of the country within the global economy. However, convertibility cannot be decreed. It can only be the result of complex economic and, in our case, market changes.

The draft program for the gradual adoption of a convertible ruble, approved by the USSR Council of Ministers on 20 March 1991 and submitted by it to the USSR Supreme Soviet, lists five necessary prerequisites. Above all, it includes financial stabilization, for if it is weak domestically, the ruble cannot be strong on the foreign market. It is very important to complete the price-setting reform. This will enable us objectively to establish the purchasing power and rate of exchange of the Soviet currency. It is necessary to create a developed wholesale domestic market within the USSR, which would restore to the ruble all the functions of real money. An industrial competitive export sector must be developed in the country, which could become a lever in supporting a stable rate for the convertible ruble on the global money markets. Finally, it is necessary to create an organizational-legal infrastructure for convertibility (currency control, banks, a currency market).

Our greatest progress has been in the implementation of the last prerequisite. The organization of a market would enable us, in my view, to meet all the other prerequisites (although the development of an export base will require some time). Therefore, the time needed for convertibility, as stipulated in said program, coincides with the time needed for completing the market reform. In terms of operations involving foreign investments, convertibility could arrive somewhat earlier.

As we advance toward convertibility, the multiple exchange rates will disappear. Thus, a money market will eliminate the special exchange rate of the ruble; in 1992 it will be followed by the official rate of exchange. All that will remain will be the commercial and the market rates. However, as they gradually come closer to each other, by the time that convertibility is introduced they will merge within a single market ("floating") rate of exchange of the ruble.

Some hasty prescriptions exist as well (as found in the new economic program for Russia), such as a "shock therapy," calling for almost instant convertibility. However, this would throw the exchange rate of the ruble into a spin, imports will become excessively costly, and inflation in the country will raise drastically. To enterprises, this turn of affairs would mean an impossibility to obtain imported parts; to the population, it would become a variant of a confiscatory monetary reform.

[Question] More than 90 percent of Soviet export items are subject to licensing. About 60 organizations have been given the right to issue licenses. As the saying goes, too many cooks spoil the broth...

[Ivanov] Licensing, like quotas, was introduced with a view to optimize the apportionment of our limited amount of commodities between domestic demand and the foreign market. The task was also set of streamlining exports of basic commodities, so that the multiplicity of Soviet exporters will not trigger unreasonable competition among them.

Unfortunately, these objectives have been attained only partially, while the quota and licensing system itself evolved in the wrong direction. Initially introduced for 27 commodities of national importance, subsequently the system was extended to over 100 items, thus essentially becoming anti-export. Although it applies to no more than a minute share of exported domestic industrial goods, such demagogic and nearsighted philosophy "meets none of our domestic needs" and has already resulted in the loss of numerous foreign markets and reduced the country's foreign exchange income.

Furthermore, although introduced as governmental, the system turned into departmental. Currently, licenses are being issued by 58 departments. In frequent cases, some of them have simply tried to eliminate threatening competitors, imposing upon enterprises the services of departmental foreign economic associations. Having become comprehensive, quotas and licenses have turned into an apple of discord between the center and the republics....

Unfortunately, in this case the GVK [State Foreign Economic Commission] was unable to adopt a principle-minded position and firmly to oppose anti-export feelings and departmentalism, although it displayed initiative in correcting the situation: a draft protocol on converting quotas and licensing to a more liberal system on the Union-republic level as well was formulated in 1990. The new draft retained licensing for only 11 items of all-Union importance: petroleum, petroleum products, coal, commercial timber, lumber, fertilizers, wool, cotton, ferrous metal scrap, grain, and vegetable oils. Union export quotas, subsequently apportioned among producing republics, could be set for these items, while export licenses, within the framework of such subquotas, would be issued independently by the republics. The center would retain only the licensing required in order to meet international obligations and equalize the USSR balance of payments. The republics could also license exports of other commodities. In all cases, the producing enterprise would be given the right to obtain licenses to the amount of export ceilings issued to them by the USSR Gosplan.

This draft met with the broad support of the republics. Its approach is reflected in the 2 November 1990 presidential ukase. However, the introduction of the new system was delayed unnecessarily and, apparently, until the summer of 1991 the old approach with all of its shortcomings will remain in effect.

[Question] What is the procedure for and what are the specific amounts of mandatory sale of foreign exchange to the state?

[Ivanov] The procedure for 1991 was stipulated in USSR Council of Ministers Decree No 1253, of 8 December 1990, published in the weekly EKONOMIKA I ZHIZN (No 1, 1991). Nonresidents and joint enterprises are exempt from the mandatory sale of foreign exchange. Currently, estimates are being drawn up for ratios in the allocation of foreign exchange for 1992. So far, it calls for a lesser amount of our foreign debt payments compared to 1990 and, consequently, the possibility exists of increasing foreign exchange withholdings for industry.

[Question] Why is it that mixed enterprises in which the foreign partner participates in the statutory capital with precisely 30 percent and not 40 or 60 percent must sell foreign exchange from foreign currency earnings resulting from foreign economic activities to the Union-republic and the local foreign exchange funds? Would such a measure not be discriminatory to mixed enterprises based on large Soviet enterprises, in which in practice the share of foreign partners cannot be substantial?

[Ivanov] According to the current legislation, any benefit granted to a mixed enterprise indeed starts with the 30-percent participation of foreign capital. The objective is to prevent Soviet enterprises from avoiding taxes and rules for the sale of currencies by creating "sham" mixed enterprises with minimal foreign participation, even though such a narrow-fiscal approach is not without fault. You are right, it discriminates against mixed enterprises based on large Soviet enterprises, in which the share of the foreign partner would actually not be substantial. This artificially hinders the processes of destatification and of attracting foreign capital, for the 30-percent limit makes "portfolio" investments in securities issued by Soviet stock owning enterprises under this level unprofitable. The new draft legislation on foreign investments will eliminate such inconsistencies.

[Question] How is the presidential ukase "On the Special Procedure for the Use of Foreign Exchange Resources in 1991," currently functioning? It affects the mandatory sale by enterprises to the USSR Foreign Economic Bank of 40 percent of their foreign exchange earnings from exporting goods and providing work and services.

[Ivanov] This mandatory 40-percent sale is being observed, although a number of exporters are trying to conceal part of their foreign earnings abroad. As a whole, however, this step enables us to meet our foreign debt payments on schedule, without postponement. However, the presidential ukase should be assessed within a broader context, for at the same time rates were set for foreign exchange withholdings for sectors which previously had no such withholdings, such as the power industry, for instance. The rates of machine builders and agrarian workers for additional exports were increased. All of this is found in the 8 December 1990 USSR Council of Ministers Decree No 1253. Both documents should be considered and evaluated only jointly. As a result, in 1991 industry will obtain, in the guise of foreign exchange withholdings, about five billion rubles in freely convertible currency, instead of two billion as was the case in 1990. In 1992, when payments on the foreign debt will be lower, this amount will be increased yet once again.

[Question] Does the USSR Foreign Economic Bank have the right to take from the exporting enterprises 40 percent of their foreign exchange earnings received after 1 January 1991 for the fulfillment of 1990 contracts?

[Ivanov] Yes, it has that right, for the ukase applies not to the date of conclusion of the contract but the date of the actual receipt of the currency.

[Question] Will payments among republics for deliveries of goods be indeed based on world prices? What motivates this approach?

[Ivanov] It is true that some republics are suggesting this type of approach. I believe, however, that they are acting unreasonably. International prices reflect the average global labor productivity which, in our country, is approximately 50 percent lower. In price setting this would lead to yet another distortion. Furthermore, it would split the single market of the country into republic portions. It would be better not to rush into extremes but to wait for the prices on the market which will develop in our country.

[Question] What formula will be applied in mass trade in foreign exchange in stores on Soviet territory?

[Ivanov] Currently the formula and the regulations governing such a trade are being drafted by the USSR Gosbank and Ministry of Finance.

[Question] Who will have the right to keep the foreign exchange funds of Soviet specialists working abroad?

[Ivanov] Our specialists may keep their foreign exchange in the bank of the country where they work for the duration of their assignment or in one of the authorized Soviet banks. Accounts in a foreign bank may be kept also after the completion of their assignment, but only by permission of the USSR Gosbank. Ordinarily, the specialist will be asked to close his account and transfer the currency to the authorized Soviet banks of his choice.

[Question] Could mixed and Soviet export enterprises shelter some of the foreign exchange earnings abroad?

[Ivanov] Keeping foreign exchange abroad without special permission of the Gosbank will be prosecuted. Information about entities involved in such deals may be obtained on the basis of cooperation between USSR and foreign state tax authorities.

[Question] What is the cost to the country of "blunders" committed by not always skillful Soviet businessmen?

[Ivanov] Such "blunders" affect, above all, their own pockets. Foreign currency shortfalls or overpayment in foreign currency in export-import deals, due to the inexperience of Soviet purchasers, could amount, on a national scale, to two billion rubles annually. It is also true, however, that before accusing enterprises of making mistakes in price setting, the state should steadily provide Soviet exporters with information on the price and market situation data. Unfortunately, the USSR Ministry of Foreign Economic Relations was unwilling and failed to do this.

[Question] Directly or indirectly the errors made by the purchasers involve the Soviet business schools, many of which, simply stated, are not training businessmen in the "rules of the game" in a market economy. When and how will their state certification take place?

[Ivanov] There are very few professional business schools in our country: under the Ministry of Foreign Economic Relations All-Union Foreign Trade Economy, the USSR Council of Ministers Academy of the National Economy, the MGIMO [Moscow State Institute of International Relations] of the USSR Ministry of Foreign Affairs, Kiev State University, etc. For the time being, a growing number of commercial organizations and so-called centers for management training, most of which are hiding their inadequacy behind annoying advertising, are increasingly operating in this area. We tried to introduce state certification for business schools but did not complete it. Clearly, this is yet another field of activities for the new USSR Ministry of Foreign Economic Relations.

## 1990 Foreign Trade Statistics Published

*91UF0758A Moscow EKONOMIKA I ZHIZN in Russian No 18, Apr 91 pp 10-11*

[Economic survey by V. Seltsovskiy, candidate of economic sciences, chief specialist, USSR Ministry of Foreign Economic Relations: "USSR Foreign Trade in 1990"]

[Text] Increasing the number of the participants in foreign economic relations and shifting their center of gravity from Moscow to the republics and to individual areas, initiated in 1986, was further developed last year. All in all, by the start of 1991, another 27,000 participants in foreign economic activities were registered. Of these, some 4,000 actually participated in export-import operations although, it is true that, for the time being, the majority were involved in import operations. Participants in such operations account for about 46 percent of the entire Soviet foreign trade. The share of the USSR MVES [Ministry of Foreign Economic Relations] in trade dropped from 99 percent in 1986 to 54 percent in 1990. It accounted for 67 percent of exports and 43 percent of imports.

As a whole for the 12th five-year plan, Soviet trade declined by 7.4 percent. Between 1985 and 1990 exports dropped by 16.2 percent while imports increased by 1.9 percent. Such trade dynamics were primarily the result of the serious worsening of sales of our commodities on the world market and, particularly, the lower prices of fuel-raw material and some other commodities and the drop in the exchange rate of the dollar.

Compared to 1985, in the next five years of the 12th five-year plan overall Soviet losses from worsened trade conditions totaled 56 billion rubles, including 11.2 billion in 1990; this noticeably reduced the country's import possibilities.

**Foreign Trade (billion rubles)**

| | 1985 | 1989 | 1990 |
|---|---|---|---|
| **Total trade** | | | |
| In prices for the respective years | 142.1 | 140.9 | 131.6 |
| In 1985 prices | 142.1 | 158.6 | 146.2 |
| Indices (1985—100) of value (growth rates in current prices) | 100 | 99.1 | 92.6 |
| Physical volume | 100 | 111.6 | 162.9 |
| Average prices | 100 | 88.8 | 90.0 |

**Foreign Trade (billion rubles) (Continued)**

| | 1985 | 1989 | 1990 |
|---|---|---|---|
| **Exports** | | | |
| In prices for respective years | 72.7 | 68.8 | 60.9 |
| In 1985 prices | 72.7 | 84.8 | 73.8 |
| Indices (1985—100) of value (growth rates in current prices | 100 | 94.6 | 83.8 |
| Physical volume | 100 | 116.7 | 101.6 |
| Average prices | 100 | 81.7 | 82.5 |
| **Imports** | | | |
| In prices for respective years | 69.4 | 72.1 | 70.7 |
| In 1985 prices | 69.4 | 73.8 | 72.4 |
| Indices (1985—100) of value (growth rates in current prices | 100 | 103.9 | 101.9 |
| Physical volume | 100 | 106.3 | 104.4 |
| Average prices | 100 | 97.7 | 97.6 |
| **Trade condition indices*** | | | |
| In the 12th five-year plan (1985—100) | 100 | 83.0 | 84.5 |

* Trade conditions index: Correlation between the index of average export prices and the index of average import prices.

Compared to 1989, the 1990 negative foreign trade balance of the USSR increased by a factor of 3, totaling 9.8 billion rubles.

The Soviet Union is trading with more than 140 countries. CEMA members hold a leading place in this trade. Their share in the foreign trade of our country in 1990 was 43.8 percent (excluding data for the former GDR). The biggest trade partners among this group of states were the following: Poland, 9.1 percent of the overall Soviet foreign trade; Bulgaria, 8.8 percent; Czechoslovakia, 8.6 percent; Hungary, 6.1 percent; and Cuba, 5.4 percent. These countries accounted for nearly 40 percent of the Soviet foreign trade.

The industrially developed capitalist countries accounted for 38.1 percent of Soviet foreign trade. The main trading partners among the developed capitalist countries were the following: FRG, 14.8 percent; Finland, 3 percent; Italy, 3 percent; Japan, 2.7 percent; Great Britain, 2.1 percent; France, 2.1 percent; and United States, 2.1 percent.

In 1990 the share of the developing countries was 11.6 percent. The biggest partners in Soviet trade with these countries were the following: India, 3.2 billion rubles; Turkey, one billion; Syria, 900 million; Iraq, 800 million; Egypt, 700 million; and Afghanistan, 500 million.

A permanent task of Soviet foreign trade is to improve its export structure by increasing the share of more extensively processed goods, above all in the machine-building sector. However, their structure did not experience any substantial changes.

Our exports are greatly dependent on the relatively narrow range of fuel-energy and timber commodities. The share of machines, equipment, and transportation facilities in exports accounted for no more than 18.3 percent in 1990; the share of the fuel-energy and timber goods exceeded 40 percent.

In recent years, machine-building output in world trade reached the 30-percent level. Naturally, as the largest country in the world in terms of territory, with all of its natural resources, our state cannot fail to be also a major exporter of natural resources. However, since it accounts for 20 percent of the global industrial output, the USSR could have aspired to a greater share of participation in the world exports of equipment than the present two percent.

The raw material trend of Soviet exports over the past five years intensified even further. A certain increase in the share of machines and equipment, in terms of current prices, and a lowering of the share of fuel-energy goods over the past five years may be explained less in terms of the increased deliveries of equipment than the sharp—approximately 40 percent—drop in the prices of energy carriers and their reduced exports by the USSR. The share of machines and equipment in 1985 prices accounted for 13 percent in 1990, or a 0.9 percent drop from the 1985 level.

**Trade With Individual Countries (million rubles)**

| | 1989 | | | 1990 | | |
|---|---|---|---|---|---|---|
| | Trade | Exports | Imports | Trade | Exports | Imports |
| **CEMA members** | | | | | | |
| Bulgaria | 13,477.6 | 6,170.5 | 7,307.1 | 11,657.6 | 5,487.4 | 6,170.2 |
| Hungary | 9,001.0 | 4,187.7 | 4,813.3 | 8,045.4 | 3,609.8 | 4,435.6 |
| Vietnam | 1,910.6 | 1,390.9 | 519.7 | 1,807.7 | 1,104.2 | 703.5 |
| GDR | 13,837.9 | 6,662.5 | 7,175.4 | — | — | — |
| Cuba | 7,700.5 | 3,833.5 | 3,867.0 | 7,085.6 | 3,399.9 | 3,685.7 |
| Mongolia | 1,402.5 | 1,005.2 | 397.3 | 1,424.1 | 990.2 | 433.9 |
| Poland | 13,180.4 | 5,770.6 | 7,409.8 | 12,066.3 | 4,121.2 | 7,945.1 |
| Romania | 5,170.0 | 2,681.3 | 2,488.7 | 4,249.6 | 2,465.4 | 1,784.2 |

**Trade With Individual Countries (million rubles) (Continued)**

| | 1989 | | | 1990 | | |
|---|---|---|---|---|---|---|
| | Trade | Exports | Imports | Trade | Exports | Imports |
| Czechoslovakia | 12,856.2 | 6,255.4 | 6,609.8 | 11,317.8 | 5,073.7 | 6,244.1 |
| Yugoslavia | 4,331.9 | 1,926.4 | 2,405.5 | 4,025.3 | 1,828.1 | 2,197.2 |
| China | 2,412.0 | 1,328.5 | 1,083.5 | 3,038.0 | 1,377.7 | 1,660.3 |
| Korean People's Democratic Republic | 1,502.0 | 940.5 | 561.5 | 1,499.0 | 886.6 | 612.4 |
| Laos | 89.3 | 73.7 | 15.6 | 72.0 | 55.6 | 16.4 |
| **Developed capitalist countries** | | | | | | |
| FRG | 6,554.7 | 2,478.3 | 4,076.4 | 20,664.7 | 9,309.7 | 11,355.0 |
| Finland | 3,885.6 | 1,758.8 | 2,126.8 | 3,913.5 | 1,786.8 | 2,126.7 |
| Japan | 3,481.0 | 1,343.0 | 2,138.0 | 3,535.4 | 1,434.8 | 2,100.6 |
| Italy | 3,526.4 | 1,920.1 | 1,606.3 | 3,979.6 | 2,192.2 | 1,787.4 |
| France | 2,567.0 | 1,348.6 | 1,218.4 | 2,749.1 | 1,637.5 | 1,111.6 |
| Great Britain | 3,217.8 | 2,208.7 | 1,009.1 | 2,823.2 | 1,865.6 | 957.6 |
| United States | 3,392.9 | 527.7 | 2,865.2 | 2,709.8 | 556.0 | 2,153.8 |
| Austria | 1,434.1 | 429.6 | 1,004.5 | 1,683.6 | 549.9 | 1,133.7 |
| Belgium | 1,326.7 | 817.2 | 509.5 | 1,313.0 | 919.1 | 393.9 |
| Switzerland | 1,404.5 | 416.4 | 988.1 | 1,190.3 | 228.8 | 961.5 |
| The Netherlands | 1,410.2 | 971.7 | 438.5 | 2,181.4 | 1,842.7 | 338.7 |

Remark: FRG data for 1990 include data for the former territories of West Berlin and the GDR.

**Breakdown of Soviet Foreign Trade (billion rubles)**

| | | 1985 | 1989 | 1990 |
|---|---|---|---|---|
| Total | Trade | 142.1 | 140.9 | 131.6 |
| | Exports | 72.7 | 68.8 | 60.9 |
| | Imports | 69.4 | 72.1 | 70.7 |
| Including: with CEMA members | Trade | 78.1 | 78.6 | 57.6* |
| | Exports | 40.2 | 38.0 | 26.2 |
| | Imports | 37.9 | 40.6 | 31.4 |
| With the developed capitalist countries | Trade | 37.9 | 36.9 | 50.1** |
| | Exports | 18.6 | 16.4 | 22.0 |
| | Imports | 19.3 | 20.5 | 28.1 |
| With the developing countries | Trade | 17.2 | 17.1 | 15.2 |
| | Exports | 9.6 | 10.1 | 8.5 |
| | Imports | 7.6 | 7.0 | 6.7 |

* Excluding data for the former GDR. ** Including data for the former GDR.

**Export Structure (in percent)**

| | In Current Prices | | | In Comparable Prices | | |
|---|---|---|---|---|---|---|
| | 1985 | 1989 | 1990 | 1985 | 1989 | 1990 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Including | | | | | | |
| Machines, equipment, and transportation facilities | 13.9 | 16.4 | 18.3 | 13.9 | 12.0 | 13.0 |
| Fuel and electric power | 52.7 | 39.9 | 40.6 | 52.7 | 54.2 | 53.1 |
| Ores and concentrates, metals and metal goods | 7.5 | 10.5 | 11.2 | 7.5 | 7.8 | 9.2 |
| Chemical products, fertilizers, and rubber | 3.9 | 4.0 | 4.6 | 3.9 | 4.1 | 4.8 |
| Timber and cellulose-paper goods | 3.0 | 3.5 | 3.7 | 3.0 | 2.6 | 2.7 |
| Textile raw materials and semi-finished goods | 1.3 | 1.6 | 1.2 | 1.3 | 1.4 | 1.0 |
| Food goods and raw materials for their production | 1.5 | 1.6 | 2.0 | 1.5 | 1.4 | 1.9 |
| Industrial consumer goods | 2.0 | 2.6 | 3.6 | 2.0 | 2.0 | 2.8 |

Insufficient competitiveness is the main obstacle in the development of machine and equipment exports. As we know, under the influence of scientific and technical progress, in recent decades demands concerning the quality and technical standards of machine-building output, energy saving, operational convenience, safety, and reduced material intensiveness increased substantially. For a long time, however, our industry has been producing airplanes, automobiles, tractors, agricultural and road-building machines, machine tools, and instruments virtually identical to earlier models in terms of features and appearance. As a result, in the mid-1980s no more than 29 percent of serially produced machine-building goods met world standards.

One of the reasons for the failure to make use of possibilities for increasing sales of machine-building goods on the foreign market is the imperfect nature of the current economic incentive for exports. Although drastic organizational measures were taken to include the national economy in foreign economic activities, enterprises and organizations showed no real interest in upgrading export and import efficiency.

Our country has tremendous scientific-engineering and production possibilities for the development of the latest technologies which can transform the production process. By increasing the production of and exporting the most advanced and competitive equipment the commodity structure can be substantially improved and the economic results of the country's foreign economic activities increased.

Furthermore, the problem of exporting items produced by the processing industry is not limited to machine-building output. It is also a question of increasing the degree of industrial processing of natural raw materials, above all petroleum, natural gas, coal, ferrous and nonferrous metal ores, textile, and other types of raw materials. The inertia which developed during the first five-year plans in exporting mainly raw materials and fuel in exchange for technical imports is continuing to this day. Yet the time has come to see to it that technical imports are used more energetically for the development of a domestic processing industry, including equipment needed for domestic production.

On the foreign market, most exporters of, shall we say, timber goods, have virtually ended exports of round-wood timber. Round-wood timber accounts for approximately one-third of our timber exports. A similar situation may be noted in the case of other natural resources. Furthermore, over the past 20 years the share of unprocessed goods in the main groups has not only not declined but has even increased from 61 to 70 percent.

In this case it is a question not only of a chronic shortage of processing equipment or technology. Much of the fault is the result of the country's price-setting system, according to which the wholesale price of a raw material may sometimes turn out be higher than the wholesale price of the product of the processing of that same raw material. Low domestic prices of processed natural and agricultural resources can in no way be an incentive for increasing the production of finished goods, not to mention an even more bothersome activity—exports.

The ratio between domestic prices in the USSR of natural resources and the products of their processing is 50 to 100 percent lower than the corresponding ratio in world prices. Unquestionably, making this ratio consistent with world prices would create conditions in which an enterprise would find it profitable to increase the degree of processing the goods. It is no accident that many of our new participants in foreign economic activities are also taking the path of exporting unprocessed raw materials rather than goods made of them.

Making our domestic prices consistent with the level of social outlays for their production and with world prices would eliminate the distortion in economic results of Soviet exports and, above all, the indicators of the foreign currency efficiency of exports (the ratio between foreign exchange earnings and wholesale industrial prices excluding turnover tax or production costs).

In general, currently a larger number of processing and extracting economic sectors and individual enterprises have become involved in the production of goods for export. In the case of a number of commodities, their export quota is quite high. In particular, in 1990, the

following items were offered for export (in percent of the overall volume of output): cameras, 36.5; automobiles, 28.4; watches, 27.8; potassium fertilizers, 27.5; refrigerators, 24.2; staple cotton, 18.2; petroleum, 17.7; diesel fuel, 17.2; nitrogen fertilizers, 17.1; television sets, 16.0; herbicides and pesticides, 15.0; natural gas, 14.5; radio receivers and radio phonographs, 13.5; and iron ore, 10.5. All of this contributes to the earning of foreign exchange needed for purchasing from foreign countries goods of great importance to the country. Nonetheless, we must point out that occasionally exports aggravate the scarcity of various items on the domestic market.

Imports help to ease the domestic scarcity of many types of equipment, consumer goods, and foodstuffs. As in the past, machines, equipment, and transportation facilities have accounted for the highest percentage of our imports. Imports of such items in 1990 totaled 31.7 billion rubles or 44.8 percent of all Soviet imports. Throughout the 12th five-year plan (1986-1990) imports of machines and equipment totaled 136.6 billion rubles.

Equipment imports play a major role in the development of economic sectors the output of which is particularly needed by the economy. Their great importance in the development of the country's production forces may be judged by the ratio between such imports and capital investments made by the USSR in equipment, instruments, and implements, accounting for about 40 percent in recent years.

Furthermore, as we already pointed out, imports of machine-technical goods, as has already been noted in previous surveys, have already reached their optimal amount. It is now important to increase within them the share of the most advanced types of equipment, particularly the ones used for the production of industrial equipment for domestic use and export. However, the share of equipment precisely for machine building, within the overall volume of machine-technical imports, remains low and has even shown a declining trend. In 1990 it amounted to no more than 6.4 percent, as compared to 7.8 percent in 1989.

**Structure of Imports (in percent)**

| | In Current Prices | | | In Comparable Prices | | |
|---|---|---|---|---|---|---|
| | 1985 | 1989 | 1990 | 1985 | 1989 | 1990 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Including | | | | | | |
| Machines, equipment, and transport facilities | 37.1 | 38.5 | 44.8 | 37.1 | 34.5 | 38.3 |
| Fuel and electric power | 5.3 | 3.0 | 2.6 | 5.3 | 5.1 | 5.4 |
| Ores and concentrates, metals and metal goods | 8.3 | 7.3 | 5.1 | 8.3 | 6.5 | 5.0 |
| Chemical products, fertilizers, and rubber | 5.0 | 5.1 | 4.1 | 5.0 | 5.3 | 4.5 |
| Timber and cellulose-paper goods | 1.3 | 1.2 | 1.0 | 1.3 | 1.1 | 0.9 |
| Textile raw materials and semi-finished goods | 1.7 | 1.6 | 1.1 | 1.7 | 1.1 | 0.8 |
| Foodstuffs and raw materials for their production | 21.1 | 16.6 | 15.8 | 21.1 | 18.4 | 17.3 |
| Industrial consumer goods | 12.6 | 14.4 | 17.7 | 12.6 | 14.7 | 19.7 |

**Imports of Goods for the Agroindustrial Complex (million rubles)**

| Year | 1981-1985 | 1989 | 1990 | 1986-1990 |
|---|---|---|---|---|
| 1 Goods for the development of agricultural production | 10,279.4 | 2,378.3 | 1,926.7 | 11,402.5 |
| Including | | | | |
| Tractors, agricultural machinery, and implements | 5,610.1 | 1,095.3 | 937.7 | 5,890.1 |
| Equipment for the production of ammonia, carbamide, and fertilizers | 441.0 | 97.0 | 45.5 | 288.8 |
| Fertilizers and herbicides and pesticides, seeds and seeding materials, fodder, and purebred cattle and poultry | 4,228.3 | 1,186.0 | 943.5 | 5,223.6 |
| 2 Food industry equipment | 3,322.9 | 882.0 | 1,351.9 | 4,398.7 |
| 3 Raw materials for the production of food items | 46,237.4 | 8,104.1 | 6,938.5 | 35,385.3 |
| 4 Food items | 23,287.0 | 3,874.8 | 4,232.2 | 18,538.6 |
| Total 1-4 | 83,126.7 | 15,239.2 | 14,449.3 | 69,725.1 |

Foreign economic relations play an exceptionally great role in developing the country's agroindustrial complex and satisfying the needs of the Soviet people for foodstuffs. During the 12th five-year plan, in order to develop the agroindustrial complex of the country, including the fuller satisfaction of the needs of the people for foodstuffs, goods worth 69.7 billion rubles were imported, including 14.5 billion in 1990, or 20.4 percent of total Soviet imports.

Unfortunately, the share of equipment for the processing sectors (in particular for the food industry—6.3 percent) has been small in the overall imports for the APK [Agroindustrial Complex], whereas the lion's share has gone into foodstuffs and food raw materials: 77.3 percent for the past five-year plan. Talk of the fact that we "ate up" our "petrodollars" has some substance, and the continuing scarcity of processing capacities became one of the reasons for this situation, naturally along with the lack of organization, as a result of which a share of our big harvests is periodically lost.

Equally low is the share of output for the development of agricultural production, in particular agricultural equipment, 8.4 percent; fertilizers, herbicides and pesticides, seeds and planting materials, and purebred cattle, 7.5 percent.

It would be expedient to restructure imports for the agroindustrial complex by increasing purchases of equipment and reducing the share of foodstuffs providing, naturally, that our forthcoming reorganization in the countryside will not definitively undermine the domestic food production base. In principle, we must increase the importation of machinery for fodder production and comprehensive mechanization of work at livestock breeding farms and in poultry production, and increase purchases of advanced equipment for sectors engaged in the processing and storage of agricultural production. It is equally necessary to increase purchases of advanced food production equipment, a shortage of which is being felt by the Soviet food industry.

The share of imports (in percentage) in the consumption of individual foodstuffs by the population in 1990 was as follows: dried fruits and berries, 94.7; tea, 41; sugar, 21; animal and vegetable fat, 14; grain, 13.2; meat and meat products, 9.

Finally, the fastest increase last year was in imports of industrial consumer goods. Compared with 1989, in 1990 it had increased by 2.1 billion rubles, totaling 12.5 billion. Over the past two years alone such imports had increased by 50 percent. Correspondingly, the share of imports in the overall consumption of such goods increased, exceeding 20 percent in recent years. Last year, imports of the following items used in the country were as follows: medicinal drugs, 30.1 percent; detergents, 29.7 percent; clothing, 24.5 percent; household sewing machines, 15.8 percent; and furniture, 10.1 percent.

The start of 1991 was marked by an unparalleled crisis in Soviet foreign trade in peacetime, reflecting the adverse situation in the national economy as a whole. Shortfalls in goods based on foreign commitments and related drastic scarcity of foreign exchange painfully affected exports and imports. As a result, during the first quarter of 1991 Soviet foreign trade declined, compared to the same period last year, by 34 percent; this includes exports, 18 percent and imports, 45 percent. Exports particularly dropped as follows: coal, by a factor of 1.9; petroleum, by a factor of 1.8; electric power, by one-third; timber, by a factor of 2.3; and staple cotton, by a factor of 4.6.

The related reduction in foreign exchange earnings made it necessary to reduce for that period imports of medicinal drugs by a factor of 3.2; shoes, by a factor of 5; clothing and underwear, by one-half; grain, by a factor of 1.7; meat, by 12 percent; coffee, by 29 percent; cocoa beans, by a factor of 4; and citrus fruits, by 12 percent (more detailed data on all the matters discussed above will be published in the annual statistical collection "*Foreign Economic Relations of the USSR in 1990*," which will come out in the second half of May and which may be procured at the following address: 127923, Moscow, 3 Ordzhonikidze Street, "Almega Service," telephone 335-88-21).

**Export of Some Commodities**

| | Measurement Unit | 1989 | | 1990 | |
|---|---|---|---|---|---|
| | | Quantity | Amount (million rubles) | Quantity | Amount (million rubles) |
| Machines and transport facilities | — | — | 11 303.4 | — | 11 148.8 |
| Coal (including mixed and anthracite) | million tons | 37.5 | 1 243.9 | 35.4 | 1 105.0 |
| Crude oil | million tons | 127.3 | 13 074.7 | 108.6 | 10 668.8 |
| Petroleum products | million tons | 87.4 | 5 666.1 | 80.0 | 5 097.2 |
| Fuel gas | billion cubic meters | 101.0 | 6 127.5 | 109.0 | 6 490.2 |
| Electric power | million kilowatt hours | 39 253 | 1 113.6 | 36 292 | 1 041.1 |
| Iron ore (including iron ore pellets) | million tons | 40.8 | 666.1 | 38.6 | 626.3 |
| Pig iron | million tons | 6.5 | 524.9 | 6.3 | 530.1 |
| Rolled ferrous metals | million tons | 9.3 | 1 951.4 | 8.4 | 1 640.8 |

## Export of Some Commodities (Continued)

| | Measurement Unit | 1989 | | 1990 | |
|---|---|---|---|---|---|
| | | Quantity | Amount (million rubles) | Quantity | Amount (million rubles) |
| Chemicals | — | — | 1,255.4 | — | 1,216.4 |
| Fertilizers, herbicides, and pesticides | — | — | 983.5 | — | 1,030.1 |
| Cement | thousand tons | 1,762 | 36.6 | 1,233 | 25.1 |
| Commercial timber (including wood chips) | million cubic meters | 19.3 | 673.0 | 21.2 | 691.4 |
| Timber | million cubic meters | 7.8 | 818.3 | 7.0 | 825.7 |
| Paper | thousand tons | 667.9 | 237.2 | 568.0 | 191.9 |
| Cardboard | thousand tons | 352.5 | 105.1 | 284.4 | 82.8 |
| Staple cotton | thousand tons | 790.7 | 920.7 | 490.1 | 593.5 |
| Grain (other than groats) | thousand tons | 1,287.0 | 133.1 | 1,218.0 | 107.2 |
| Vegetable oils for food | thousand tons | 138.7 | 50.9 | 115.5 | 39.7 |
| Sewing machines, domestic | thousand pieces | 82.0 | 5.8 | 94.0 | 7.8 |
| Household refrigerators | thousand pieces | 1,130 | 109.6 | 1,088.5 | 112.8 |
| Watches, including time mechanisms | million pieces | 15.7 | 90.6 | 21.9 | 96.1 |
| Photographic cameras | thousand pieces | 797 | 30.5 | 1,060.2 | 32.1 |
| Television sets | thousand pieces | 1,090 | 242.2 | 1,665.2 | 301.6 |
| Radio receivers | thousand pieces | 838 | 17.6 | 1,095.0 | 29.5 |

## Imports of Some Commodities

| | Measurement Unit | 1989 | | 1990 | |
|---|---|---|---|---|---|
| | | Quantity | Amount (million rubles) | Quantity | Amount (million rubles) |
| Machines, equipment, and transportation facilities | — | — | 27,743.0 | | 31,669.6 |
| Rolled ferrous metals | million tons | 4.4 | 1,336.0 | 3.3 | 970.5 |
| Steel pipe | million tons | 3.5 | 1,686.5 | 1.8 | 834.3 |
| Chemical products | — | — | 2,070.6 | — | 1,446.2 |
| Fertilizers, herbicides and pesticides | — | — | 396.3 | — | 413.2 |
| Rubber | thousand tons | 201.6 | 207.3 | 215.7 | 191.5 |
| Timber and cellulose-paper items | — | — | 892.4 | — | 732.6 |
| Paper | thousand tons | 604.8 | 391.1 | 504.0 | 350.3 |
| Staple cotton | thousand tons | 77.1 | 84.8 | 55.1 | 90.5 |
| Grain (other than groats) | million tons | 37.0 | 3,131.6 | 32.0 | 2,723.4 |
| Soybeans | thousand tons | 872 | 162.1 | 492 | 75.9 |
| Tea | thousand tons | 214.9 | 302.3 | 255.5 | 423.8 |
| Coffee beans | thousand tons | 112.9 | 168.9 | 58.4 | 70.9 |
| Unrefined sugar | million tons | 5.0 | 2,812.6 | 3.9 | 2,968.9 |
| Meat and meat products | thousand tons | 695.6 | 727.9 | 1,129.1 | 1,193.1 |
| Fresh fruits and berries | thousand tons | 778 | 233.0 | 874.2 | 263.0 |
| Fresh vegetables | thousand tons | 149.0 | 46.7 | 144.1 | 47.5 |
| Potatoes | thousand tons | 843.0 | 185.2 | 962.0 | 141.8 |
| Canned vegetables | thousand tons | 349.0 | 165.0 | 267.8 | 127.3 |
| Table vegetal oils | thousand tons | 1,065.1 | 323.3 | 567.4 | 165.8 |

**Imports of Some Commodities (Continued)**

| | Measurement Unit | 1989 | | 1990 | |
|---|---|---|---|---|---|
| | | Quantity | Amount | Quantity | Amount |
| | | | (million rubles) | | (million rubles) |
| Butter | thousand tons | 247.1 | 260.9 | 298.9 | 267.4 |
| Fish and fish products | thousand tons | 580.1 | 100.4 | 552.2 | 95.2 |
| Wine and spirits and non-alcoholic beverages | — | — | 272.5 | — | 237.6 |
| Fabrics, cotton and cotton type | million meters | 188.6 | 246.9 | 216.1 | 277.4 |
| Silk and silk type fabrics | million meters | 93.5 | 268.3 | 180.4 | 404.5 |
| Clothing and underwear | | — | 3,170.3 | — | 3,366.3 |
| Knitwear | — | — | 847.5 | — | 916.0 |
| Shoes | million pairs | 167.8 | 1,376.1 | 266.1 | 1,554.9 |
| Household furniture | | — | 539.9 | — | 613.5 |
| Detergents | thousand tons | 323.1 | 215.4 | 465.0 | 208.0 |
| Soap | thousand tons | 228.8 | 150.3 | 239.8 | 151.1 |
| Medicinal drugs | | - | 1,847.4 | — | 2,273.1 |

The greatest decline was in trade with CEMA members. The amount of contracts with such countries for 1991 dropped by several hundred percent. A greatly contributing fact to this effect was the haste with which a number of our CEMA partners favored a conversion to world prices and settling accounts in convertible currencies. Some of these countries, now facing the consequences of such measures, which affect primarily them, are reassessing the extent to which their impatience was justified.

As a whole, the Soviet foreign trade reform, which was initiated in 1986, not only failed to yield the desired results but also seriously worsened trade condition. The center of gravity in managing Soviet foreign economic activities has been dispersed so quickly that the majority of local authorities, enterprises, and labor collectives were unable and, to this day, are very slow in assuming competent responsibility for increasing the efficiency of foreign trade operations.

## Investment Protection Agreements Ratified

*91UF0832A Moscow IZVESTIYA in Russian 1 Jun 91 Union Edition p 5*

[Unattributed item: "Agreements Have Been Ratified"]

[Text] On 29 May 1991, the USSR Supreme Soviet ratified the Agreement Between the USSR Government and the Government of Finland on Cooperation in Effecting Capital Investment and Mutual Protection of Capital Investment signed in Helsinki on 8 February 1989.

—Agreement Between the USSR Government and the Governments of Belgium and Luxembourg on the Mutual Promotion and Mutual Protection of Capital Investment signed in Moscow on 9 February 1989.

—Agreement Between the USSR Government and the Government of Great Britain on the Promotion and Mutual Protection of Capital Investment signed in London on 6 April 1989.

—Treaty Between the USSR and the FRG on Cooperation in Effecting Capital Investment and Mutual Protection of Capital Investment signed in Bonn on 13 June 1989.

—Agreement Between the USSR Government and the Government of France on the Mutual Promotion and Mutual Protection of Capital Investment signed in Paris on 4 July 1989.

—Agreement Between the USSR and the Netherlands on the Promotion and Mutual Protection of Capital Investment signed in Moscow on 5 October 1989.

—Agreement Between the USSR Government and the Government of Canada on the Promotion and Mutual Protection of Capital Investment signed in Moscow on 20 November 1989.

—Agreement Between the USSR Government and the Government of Italy on the Promotion and Mutual Protection of Capital Investment signed in Rome on 30 November 1989.

—Agreement Between the USSR and Austria on Cooperation in Effecting Capital Investment and Mutual Protection of Capital Investment signed in Moscow on 8 February 1990.

—Agreement Between the USSR Government and the Government of the People's Republic of China on the Promotion and Mutual Protection of Capital Investment signed in Beijing on 21 July 1990.

—Agreement Between the USSR and Spain on Cooperation in Effecting Capital Investment and Mutual Protection of Capital Investment signed in Madrid on 26 October 1990.

—Agreement Between the USSR Government and the Swiss Federal Council on the Promotion and Mutual Protection of Capital Investment signed in Moscow on 1 December 1990.

—Agreement Between the USSR Government and the Government of Turkey on the Mutual Protection of Capital Investment signed in Ankara on 14 December 1990.

—Agreement Between the USSR Government and the Government of Korea on the Promotion and Mutual Protection of Capital Investment signed in Moscow on 14 December 1990.

## $10 Billion Loan Swindle Avoided

*91UF0852A Tallinn THE ESTONIAN INDEPENDENT 9 May 91 p 3*

[Article Bradley D. Woodworth: "Estonia Avoids $10 Billion Loan Swindle"] txt

[Text] **ESTONIAN OFFICIALS have turned down an American businessman's offer to arrange a loan of US$ 10 billion for the small Baltic state, saying the deal was an attempt to defraud Estonia of millions of dollars.**

In January of this year, IBC Investment Group, led by William Nichols, offered to act as intermediary between Estonia and two other American companies, which were to lend Estonia 10 billion US dollars. Estonia was to give IBC 4 per cent of the total, or 400 million dollars, in fees. Another 1 per cent, or 100 million dollars, was to be immediately paid by Estonia to the two companies who were to issue the loan, Exim Fiber and Crystal Connection, headed by American businessmen Angeli Shah and Satish Shal.

However, Estonian finance minister Rein Miller and minister in charge of negotiations with Moscow Endel Lippmaa said a clause in the deal would have allowed Mr. Nichols to avoid paying any of the loan to Estonia, while leaving Estonia respnsible for the fees to IBC and other two companies.

"We must realize that among the big businessmen who come to Estonia with generous deals there are swindlers," said Mr. Lippmaa.

Rumours have circulated that Mr. Nichols plans to sue for libel the two Estonian ministers and Estonian journalists who have written about the loan offer. Mr. Lippmaa, however, has said Estonian officals would fight such a move with a lawsuit of their own against IBC.

Doubts concerning the loan were raised as a result of an investigation into the finances of Nichols, Shah and Shal by emigre Estonian banker Ilmar J. Martens. Estonian suspicion was raised by the fact that Mr. Nichols incorporated his company only after he met with Estonian officials in the US in January and made the loan offer. Doubts were strenghtened when it was found that the capital of the companies owned by Shah and Shal amounted to less than two million dollars.

Swedish banker Bo Kragh from the Svenska Handelsbanken advised Estonian Prime Minister Edgar Savisaar in March against accepting the loan. In a letter to Mr. Savisaar, the Swedish banker said he was "99.99 percent sure what you have been offered is a swindle." Mr. Kragh served as a financial adviser to the Estonian government from September 1990 to April 1991.

## Export Firms Advised to Dodge Double Taxation

*91UF0852B Tallinn THE ESTONIAN INDEPENDENT in English 16-22 May 91 p 4*

[Unattributed article: "Export Companies Advised To Dodge Double Taxation"]

[Text] **WITH LAWS demanding the surrender by Estonian esporters of as much as 65 per cent of their hard currency earnings, it hardly seems worthwhile for Estonian enterpreneurs to stay in business. Estonian foreign trade officials have realized this and are suggesting ways to evade double taxation arising from dual system of Estonian and Soviet laws.**

Under a decree of President Gorbachov all enterprises in every republic must sell 40 per cent of their hard currency earnings to the Soviet government at the unrealistic official commercial exchange rate of US$1 = 1.5 - 2.0 roubles. The free market exchange rate is US$1 = 30 roubles or more. Adopted at the end of 1990, the presidential decree is meant to make enterprises contribute to paying off the Soviet Union's foreign debts. On January 10, 1991, the Soviet government introduced a separate scale of taxes on exports.

The Estonian legislature has declared that Estonian enterprises should observe only the legislation of the Republic of Estonia. In real life, however, Soviet regulations have to be observed as well since Estonia if still within the customs border of the USSR.

Under Estonian laws, a further 20 per cent of hard currency earnings must be sold on a similar basis to make up the Estonian government hard currency fund and an extra 5 per cent may go to local authorities.

Such double "taxation"is killing initiative in Estonia. At the same time the Estonian Department for Foreign Economic Relations considers increased exports essential for the economy. This can only be done by introducing tax reliefs for exporters, officials of the department say.

They recommend various ways to avoid President Gorbachov's decree—using border trade, barter deals, deals

involving mutual compensations and production cooperation with enterprises abroad, and setting up joint ventures. The latter are exempt from the 40 per cent all-union "tax," and exempt from Estonian taxes for two years from their first declaration of profits.

As the compulsory sale of 40 per cent of hard currency income can in practice be applied only to enterprises that have fixed export quotas and who deal through Soviet foreign trade organizations, Estonian officials advise Estonian managers to use alternative financial institutions such as the Bank of Estonia and the Tartu Commercial Bank to handle exports payments.

## Pitfalls for Soviets Seeking Work Abroad Described

*91UF0579A Moscow GLASNOST in Russian No. 18, 1 May 91 p 7*

[Article by Konstantin Mezentsev: "Bait for Simpletons"]

[Text] **Who would have thought, 7-8 years ago, when the international sections of Soviet newspapers were carrying heart-wrenching stories about Mexican farmhands illegally entering the United States, or about clandestine immigrants from the Maghreb in France, that today something similar would be written about our own fellow-citizens. Alas, "11 Leningrad 'beauty queens' are dancing stark naked on tables in Canadian taverns...." "The Yugoslav police have arrested a group of speculators from Kiev..." "The owner of a Warsaw automobile workshop has admitted that he is employing two Soviet fitters who are being paid a miserable wage...." and all of this has come out within a single week!**

What can we say, the freedom of any citizen to leave his country, codified long ago in all international human right laws, had long been a stumbling stone in relations between the Soviet Union and many countries. The new thinking helped us to restore a more or less civilized attitude toward this problem. Although not immediately, the understanding that going abroad for personal reasons or tourism should not be a gift from a superior but something entirely normal, is beginning to make its way in public awareness. Leaving the country, on the basis of a personal contract, for a period of several years, does not mean in the least treason to the homeland but simply the possibility to see other people and to be seen. Yes, and also to earn. If the work is honest and all the obligations to one's country are met, how could this be reprehensible?

Yet... at this point these are problems which are typically ours, and with which we shall have to deal for quite some time to come. That which is entirely natural to a citizen of any country with a developed legal system is, for the time being, totally puzzling to our compatriots. Tormented by disorder, political passions, lines and shortages, our fellow citizens are totally unable to understand that the right of a person to leave his country and the right of another country to accept or... not to accept him are not entirely coincident. Also, the fact that in the overwhelming majority of places he would be welcomed literally with open arms but only if he has the funds to support himself and would not bother the local authorities with his problems, for even without us they have quite a lot of problems of their own. No. They do not trust sober admonitions. They fly, they walk, they swim, using any legitimate or, alas, frequently illegitimate opportunity. I am writing this not as a blame to my compatriots but with an aching heart, aching for them and for our homeland.

There is excitement in front of one of the Mosgorspravka stands. Along with something dealing with sex, we see on the shop window an unusual type of survey. The striking figures are: "From 20,000 to 70,000 rubles monthly." That is how much you could earn by filling out a form and sending it, along with 15 rubles, to the AMITR Enterprise, whose partners are the I.E.A. Company in California, who would find work for you abroad, in the United States, in Europe, etc. Your companions are interested in finding you the best possible job, for they would be collecting from you five percent of your earnings. Addresses and telephone numbers are given for Moscow and Los Angeles. "Have you sold a great deal?" I asked the seller. "Several hundred," he answered.

Something similar—various types of travel information—may also be found on the stands of a number of hawkers in subway passages. In this case, however, a silvery stand belonging to a reputable establishment, was something which gave the halo of legitimacy to such an unusual offer. I therefore decided to conduct a small investigation. Is such an initiative consistent with the legal procedure for leaving the country?

I was unable to phone the AMITR, for the line was busy from morning until late night. That is why I addressed myself to the people most knowledgeable regarding this problem.

Mr. Jack Matlock, the U.S. Ambassador to Moscow, said quite succinctly: "Naturally, the procedure for entering the United States does not exclude the possibility of a citizen of any country to obtain employment. All such cases, however, are subject to rather complex and specific legal procedures. The way to achieve this, as presented in the information, does not entirely coincide with such procedures. Some kind of fraud should not be excluded in this case...."

The only Soviet state establishment which regulates private trips by Soviet people abroad, until the law on leaving and entering the Soviet Union has been passed (planned by the Supreme Soviet for 7 May), for the time being, is the Visas and Permits Administration of the USSR MVD. Rudolf Alekseyevich Kuznetsov, chief of the UVIR [Visas and Permits Administration] kindly agreed to provide explanations on this matter of interest to a number of people. He received me in his small office, located in a comfortable small Moscow house on Sadovo-Sukharevskaya.

"We know of many cases in which some small enterprises, cooperatives or associations are trying to 'catch some fish' in this stream of Soviet people who, for a variety of reasons, would like to go abroad for a short time or forever," said Colonel Kuznetsov. "Let me responsibly state that many such deals become possible because of our imperfect legislation. For that reason, we still do not know who more eagerly awaits the new entry and departure law: members of parliament, ordinary Soviet citizens, world public opinion or our service. Let us add to this the public's ignorance of the law, which gives an opportunity to profit.... Naturally, there also are incompetent publications and views expressed on the problem as a whole."

"In other words, could this be interpreted in the sense that the UVIR is, in principle, not opposed to our compatriots going abroad?"

"Naturally, it is not. Our function should be exclusively regulatory. Obviously, however, this will come after the enactment of the new law. For the time being, short private trips are possible only in two cases: tourism or visits to relatives, friends or acquaintances living abroad. The UVIR is an agency of the executive branch, for which reason we simply apply the laws or legal acts which are currently in effect."

"I would think, however, that even now you have quite a lot of work."

"Many of our personnel wear themselves out. This is particularly the face after the procedure for leaving the country on the basis of individual invitations, was something eased, four years ago. Judge for yourself: whereas in 1987 40 people visited Yugoslavia for personal reasons, one year later 1.2 million (!) residents of the USSR made use of personal invitations. The same occurred in the case of Turkey and Finland."

"Does this not imply abuses or forgeries?"

"You are guilty only if you are caught. We know, from various discussions, that people pay between 1,000 and 1,500 rubles for an invitation form. However, this is difficult to prove unless, of course, 150 residents of a Ukrainian town decide, all together, to visit the same Turkish or Yugoslav friend...."

"What is the procedure for going abroad to work?"

"Although the employment law makes provisions for such a possibility, for the time being this problem is solved only through governmental channels. The signing of individual employment contracts is allowed in extremely rare cases. Hence the existence of a big and difficult international problem, for according to all the laws of the global community, a foreigner can fill a job only if he has left his country legally and has the proper permission of the host country."

"This makes sense, considering unemployment in the West."

"In the EC, for example, a foreigner who is not a citizen of a member of the Community, has the right to hold a job only in an area where, first, the citizens of the host country refuse to work and, second, in a job which is refused by the other segment of the 'European dozen.' Nothing much is left. Furthermore, the threat of a mass arrival of Soviet people seeking work in Europe frightens the West. The problem is being discussed in the European Parliament in Strasbourg and at the special conference in Vienna...."

"In that light, how do you assess the instructions sold by the AMITR?"

"It seems to me that there is something fishy here. In principle, however, they have accurately understood that the problem of people who would be seeking jobs abroad will not be long in appearing. I believe, however, that it would be proper for the Ministry of Labor and Social Security to develop a governmental structure which would ensure such opportunities for the candidates. Naturally, this will be after the new law has been enacted. It will take into consideration the international-legal order and indicate responsibility and ensure the legal and social protection of Soviet citizens...."

I do not know if readers of GLASNOST are among those who have gullibly fallen for AMITR publicity or that of any other similar enterprise. I ask of you to consider the information in the material. Furthermore, while this article was going to press, I received an answer to my question from California. Andrey Sidorin, the San Francisco TASS correspondent, reports that there is no I.E.A. Company either at the address given or in any telephone book in Los Angeles. Nor is it known in California business circles.

## Working Conditions, Rights of Soviet Sailors on Foreign Ships Viewed

*91UF0766A Moscow IZVESTIYA in Russian 20 May 91 Union edition p 3*

[Article by G. Charodeyev under the rubric: "Details for IZVESTIYA": "Soviet Sailors 'Are Sailing away' to the West"]

[Text] Having concluded contracts, Soviet sailors now can go overseas in search of work on ships that sail under foreign, or, as it is customary in maritime parlance, under flags of convenience. Our civilian citizens can count on the International Transport Workers' Federation (ITF) to defend their rights and interests.

At the request of an IZVESTIYA correspondent, Professor K. Bekyashev, an expert on international maritime organizations, commented on this event as follows.

"Flags of convenience present the right to ship owners to man the crews of their ships with sailors who are natives of developing and primarily Asian countries. India has 14,000 professional sailors and of them only 3,000 work on ships that fly the Indian flag. Sailors from Bulgaria,

Poland, Hungary, Yugoslavia, the former GDR [German Democratic Republic], and other countries are being assigned to work on ships that fly a flag of convenience. This practice is rapidly developing in our country. Nearly 1,000 of our sailors and fishermen are already working on such ships."

In recent years, the USSR's fishing industry and merchant marine fleets have received few new ships and therefore the number of unemployed sailors and fishermen has sharply increased. At the same time, foreign firms are now interested in our specialists as both a skilled and—something to conceal—cheap labor force.

The assignment of Soviet sailors to work on ships that fly a flag of convenience primarily pursues three goals: To earn as much hard currency as possible for oneself and for the ship owner; to sort of partially solve the employment problem; and, to help sailors and fishermen maintain their professional skills.

A candidate for work on a ship that flies a flag of convenience must meet strict requirements, including perfect health, a professional diploma, a sailor's passport, and mastery of the English language. All of these qualities must be confirmed by the presence of international certificates.

Insofar as minimum special standards and rights are not guaranteed on ships that fly a flag of convenience, the ITF (incidentally, the USSR Water Transport Workers Federation Trade Union has become a member of this influential organization) has developed a typical collective agreement form. The latter is a detailed list of the minimum requirements and working conditions and a wage scale. Specifically, the base pay of a captain must total $2,500 and $821 for a sailor first class (Soviet sailors receive significantly less). If these conditions are violated, the ship can be subjected to seizure in port by ITF inspectors.

Experts consider the aloofness of the state and its organs from this new matter to be intolerable. Today more than 20 cooperatives and a number of joint ventures and small enterprises are involved in "sales" of Soviet sailors. This is not only unethical but also illegal. The state, having invested millions of rubles in the training of specialists, "gives" them to foreign firms for a low fee, without having practically a single kopek from this deal while cooperatives increasingly get rich (they deduct from 20 to 50 percent of the wages of the sailors they hire). The convention on job placement of sailors that was adopted by the International Organization of Labor in July 1920 states: job placement of sailors cannot be a subject of commercial activity that is carried out by just any individual, society, or institution for the purpose of bringing in a monetary profit. This is forbidden in civilized countries, but alas in our country cooperatives and joint ventures are permitted to do so.

Specialists are convinced that the appropriate Soviet trade union organizations (the Fish Industry Workers Trade Union Central Committee must immediately formalize its membership in the ITF) are obliged to develop collective agreement forms and strictly track so that dumping is not permitted during hiring and that the wages of Soviet sailors are at least not lower than those of Philippine or Indian sailors. Trade unions must obtain the right to veto one-sided contracts no matter who has concluded them.

For a sailor to leave the country, K. Bekyashev thinks a sailor's passport, and not a general citizen's restricted passport, must be validated which gives the sailor the right to visit any country. In other words, it is the passport that must be the "transit" document. This passport is validated not by a cooperative or small enterprise but by a maritime port in accordance with the requirements of international conventions.

## Troop Housing Contract Selection Process Explained

*91UF0762A Moscow IZVESTIYA in Russian*
*15 May 91 Union Edition p 7*

[Interview with Deputy Minister of Foreign Economic Relations Oleg Dmitriyevich Davydov by I. Zhagel: "Will The Strongest Triumph or Will 7.8 Billion Marks Be Distributed from Above?"]

[Text] A report from Germany that was broadcast on the Vremya program on May 12 stated that German firms are dissatisfied with the distribution of orders associated with the construction of housing for Soviet servicemen who are leaving the territory of the former GDR [German Democratic Republic]. As we all know, the German government has provided 7.8 billion marks to do this. In order to clarify the position of the Soviet side on this issue, an IZVESTIYA correspondent met with Deputy Minister of Foreign Economic Relations O. Davydov.

[Zhagel] Oleg Dmitriyevich, in general, what preconditions were placed upon the distribution of the billions allocated to us?

[Davydov] Article three of the agreement between the governments states that the procedures to account for the assets and the procedures for their use will be determined in a separate protocol. And on December 13, 1990 this protocol was signed between the USSR Ministry of Defense and the USSR Ministry of Foreign Economic Relations, on the one hand, and the FRG Federal Ministry for Economics, on the other hand. I stress that it is the German side that proposed including this paragraph in the protocol in accordance with which it was intended that the use of resources be carried out through open international bidding.

Previously, we did not conduct such bidding but we selected several firms who then competed among themselves. Naturally, we needed to enlist a very experienced consulting company that is well-known throughout the world so that the open bidding took place at the highest level. The German firm Deutsch Consult is that firm.

Incidentally, its services on the concluded contract will cost us more than 150 million marks.

Deutsch Consult together with Soviet Soyuzvneshstroy-import and Tekhnoeksport VVO's [All Union Foreign Trade Association] and USSR Ministry of Defense and Gosstroy organizations created a consulting consortium. Its task includes preparation of the required documentation, the advisory selection of firms, and other issues. This consortium also conducted open international bidding for distribution of the orders for the construction of the first four of 33 communities which will be located at Krivoy Rog, Vladikavkaz, and Shaykovka (UkSSR), and Borisov (RSFSR).

A total of 102 firms took part in the bidding. I will point out that not one Soviet construction organization passed the pre-qualification selection. In many ways, this is associated with the fact that the first four communities must be constructed in extremely compressed periods of time—by the end of the current year. However, we assume that they will participate in this work as subcontractors and materials suppliers.

[Zhagel] As you know the firms that compete on the world market very strictly control the procedures for conducting any competitions to receive contracts. Can you provide a guarantee that there will not be complaints against your bidding?

[Davydov] I am certain that there will be no complaints. All of the firms submitted their terms in wax-sealed envelopes which were opened in the presence of all interested parties, including representatives of the companies, the FRG Ministry for Economics, and the bank financing the project. So, none of the competitors knew the prices or other commercial terms proposed by their rivals beforehand.

The analysis that was conducted after the opening of the envelopes showed that the German firms, and they were a majority of the firms represented, did not offer, so to speak, the best commercial terms. And if we awarded the contracts to them today, we would receive much less housing than the housing offered to us, say, by the Turkish or Finnish firms.

[Zhagel] But maybe our old disease is manifesting itself in this case—are we pursuing quantity to the detriment of quality?

[Davydov] Nothing of the kind. Only reliable firms who have excellent reputations and a great deal of experience operating work in our country and who are capable of satisfying the demands of the most exacting customer passed the pre-qualification selection. Besides, their preliminary selection was also carried out with the participation of the German side and right now, after the fact, it would simply be dishonorable to cast a shadow on the firms that are leading the competition—this is a prohibited method.

[Zhagel] Today we already know that the German firms that are disappointed with the results of the bidding are ready to join their government in tilting the balance in their favor. A number of German publications have even reported that H. Kohl intends to discuss this issue with M. Gorbachev over the telephone. Can this influence the final results of the competition?

[Davydov] We are not ruling out the fact that German firms will attempt to exert definite pressure on their government. But if we resolve this conflict while proceeding not from economic but from political considerations, it will cause even greater problems. First, faith will be undermined in the competition itself and then it will already be impossible to consider it open. In so doing, the interests of our state as a reliable partner will suffer. Second, many firms spent enormous assets while preparing for the competition. And naturally they will demand compensation for losses from us.

[Zhagel] Do you see a way out of the situation?

[Davydov] The competition for the four facilities has actually already been completed. Everything is ready for us to sign a contract with the winners. And we need to do that as soon as possible since we are already exceeding the time limits.

Meanwhile, preparations are underway for the bidding for ten more small towns which will be located primarily in Belorussia and Ukraine. Incidentally, right now more than 100 firms have already expressed a desire to receive contracts. A significant number of them are German. I think that they must take into account the results of the first bids.

I would like to add that we are also interested in cooperation with German firms. And all things being equal, preference will be assigned precisely to them. It will also be beneficial for us both from the financial and technical standpoint to work on the same side. And I think that we have sufficiently good prospects for doing this.

## French, Belgian, Soviet Agricultural Cooperation Project Viewed

*91UF0732A Moscow IZVESTIYA in Russian*
*11 May 91 Union Edition p 5*

[Article by Yu. Kovalenko: "Agro-industrial Cooperation Among France, Belgium, and the USSR—Belgian Cows on Orel Pastures"]

[Text] **Paris—A group of French industrialists from the Champagne and Ardennes region combined their efforts with those of some Belgian businessmen from the neighboring Wallonia region with the general purpose of developing agriculture in far away Orel Oblast. The former will start production of grain and sugar, the latter will deal with meat production.**

The French say that the Russian Chernozem in those area is exceptionally fertile but, due to lack of equipment and specialists, yields are a lot smaller than they could be. The French came to Orel Oblast twice last year to familiarize themselves with the place; they outlined the field of cooperation, signed a protocol, and created what they called the "Turgenev commission" to oversee how the project gets implemented.

According to LE MONDE newspaper, the Soviet side is ready for the widest possible ties. It has offered to put 60,000 hectares of Orel Oblast land at the disposal of its partners so they can transform it into a "corner" of France. Local authorities also want to set up joint ventures and they are prepared to offer financial guarantees to attract investments. That offer includes a proposal to make payments in crude oil.

As for the French, they intend to demonstrate all their agro-industrial skills on Russian soil but they think that the cooperation has to be built up gradually. They emphasize the need to train our own specialists as the first priority. About 100 of our agricultural engineers and technicians are going through an eight-month training course now in the area of Champagne and Ardennes.

After they complete their training they will return to the Soviet Union along with 10 French experts who will help them put their acquired knowledge into practice. In addition, a group of young farmers and students are coming from France to spend some time in Orel Oblast and some of them will stay there to work.

This joint project gained the support of business circles from the Champagne and Ardennes region who have a lot of experience in cooperating with Eastern Europe and particularly with Poland and Romania. According to LE MONDE, negotiations are in progress concerning the construction of two sugar refineries, several silos, and flour milling facilities in Orel Oblast. To achieve all this a considerable amount of money is required—about 2 billion francs. The Soviet side is ready to provide 500 million.

The Belgians have also joined actively in the project. They have already built an agro-industrial complex on the area of 7,000 hectares in Poznan Voivodship. They also intend to send a group of their specialists to Orel in the spring to conduct negotiations about developing a meat-producing industry there. The industry will employ the "white-blue" [belo-goluboy] Belgian cattle breed famous for its high qualities.

The cooperation that has started so successfully, says LE MONDE, has one more facet—that of culture. A French cultural center is expected to open in Orel Oblast. They also plan to build a radio station there. Finally, they are also discussing a possibility of exchanges between the educational institutions of Champagne and Ardennes and of Orel Oblast.

## Future of Soviet-Vietnamese Trade Ties Considered

*91UF0761A Moscow TRUD in Russian 16 May 91 p 5*

[Article by Ye. Panteleyev: "Are We Burning Our Bridges: Today Soviet and Vietnamese Trading Partners Are Faced with this very Urgent Question"]

[Text] For decades, the Soviet Union has rendered support and diverse assistance to Vietnam. Guided by ideological considerations and in many ways by a confrontational vision of the world, we called Vietnam our "strategic ally" and the "outpost" of socialism in Southeast Asia. Today in light of the new political thinking and as a result of internal difficulties in the USSR and in relations with other traditional allies, the question arises: What next?

Right now we are inclined to reconsider the simplified class approach. We are not in any condition to expand or to even preserve peripheral "spheres of influence" or to invest resources in the economies of countries of a "socialist orientation" either free of charge or with symbolic interest.

So be it. But are we not at times rushing to reject old friends without acquiring new ones? And well, while dismantling the former mechanism of economic and other cooperation with Vietnam, we are not rushing to create a new one. Instead of rallies attended by many people in support of the Vietnamese people who are fighting against the next aggressors, there are protests with regard to the presence of workers from the SRV [Socialist Republic of Vietnam] in our country: it is as if they have laid waste to our store shelves. Instead of a fiery demonstration of ideological commonality—there is inappropriate irony with regard to the memory of Ho Chi Minh in Moscow. Instead of training Vietnamese cadres free of charge—there are demands for payment for training in dollars. In general, we are rushing from one extreme to another.

The trend toward the reduction of Soviet-Vietnamese ties in many spheres also once again illustrates the ineradicable desire in us to "raze to the ground...." Then what?

Can it really be that all that remains for us today is to make friends only with those who are a little richer and a little closer? Is it not surprising that much in our relations withstood the test of time even under the previous model of cooperation.

FACT: With our support, the Vietnamese people achieved historic victories in the struggle with powerful enemies for the country's independence and unification. And the Vietnamese people remember this support very well.

FACT: Vietnam has stopped being a burden for the USSR. Today the Soviet Union's trade with the SRV is nearly balanced. In 1986, we received one ruble's worth of Vietnamese goods for every R4 of Soviet goods. Last year, this ratio was 1.85:1 and this year, if the recently signed intergovernmental agreement is realized, trade between our countries will become balanced. And not

only because Soviet deliveries are being cut. Vietnam's export potential has increased significantly of late. The SRV ranks 3rd in the world in rice exports for the second year in a row. Reserves explored by the Soviet-Vietnamese "Vietsovpetro" Joint Venture on the continental shelf off the country's southern coast will permit us to produce no less than 90 million tons of oil by 2005.

Today, we are receiving nearly 90 percent of all imported red pepper, 53 percent of the jute, 22 percent of the rice, 20 percent of the rubber, and 10 percent of the coffee and tea, meat, fruits and vegetables, electronic equipment, vodka, and cigarettes from Vietnam. Joint scientific ventures are promising, by way of illustration, the production of just two types of bio-pharmaceutical medications according to the Soviet-Vietnamese laboratory's technology will permit us to receive up to $500 million.

A weighty potential of human sympathies and mutual trust has been accumulated and a durable cloth of people to people contacts has been woven. Do not cross out the names of the Vietnamese who fell during the defense of Moscow or the names of Soviet people who died during the American bombing in Vietnam. Tens of thousands of Vietnamese preserve the memory of their Soviet teachers. There was a nationwide campaign in the SRV to render assistance to the Armenian earthquake victims. Vietnamese health resorts accepted the children of Chernobyl and the "Coconut" Campaign is being conducted to collect raw material for the production of medicine for Chernobyl residents.

The prospects for mutual economic relations were discussed in detail during Vietnam Council of Ministers Chairman Do Muoi's recent visit to the USSR. The aspiration of the sides to preserve the positive potential of cooperation and to accelerate the restructuring of its mechanism that was expressed at the Soviet-Vietnamese negotiations that took place is reassuring. The agreement on the transfer of part of the economic ties to the republic and enterprise level along with the preservation of centralized commodity turnover can have important significance. And nevertheless the problems that have accumulated in relations between our countries will not be resolved at one sitting. There is much yet to be done.

Bold reforms are being carried out in Vietnam: the equality of all economic systems has been recognized and legally reinforced and the Vietnamese peasant has been freed from administrative shackles. They have not had to wait for the first positive results. The domestic market has been relatively saturated with food and consumer goods. The standard of living of broad strata of the population has been improved. Unlike many other countries who were CMEA members, Vietnam is relatively painlessly surviving the current stage of transformations.

However, some people in our country are inclined to rebuke the Vietnamese because they say that political transformations are lagging behind economic transformations in their country. But the times have passed when we forced our manual on "monasteries" far and near. The Vietnamese, not without basis, think that the preservation of political stability is the most important condition and guarantee of the success of economic reform. Moreover, is it really possible to ignore the specific conditions of Eastern society, for example, the traditional hierarchy of its organization and the people's consciousness? For the Vietnamese peasant and artisan, democracy is first of all freedom on his own plot of land and the right to own the products of labor unhindered, but pluralism is the opportunity to select the types of management.

Having set out on the path of economic stabilization, Vietnam is promising from the point of view of the country's economic growth and its people has proved its powerful vital strength and dynamism throughout the course of history. It is no accident that Western capitalists, though with caution due the political prohibitions that have been preserved, have actually begun to invest money in the SRV. During the three years that the law on foreign investment in Vietnam has been in force, more than 200 projects of joint entrepreneurship worth nearly $1.5 billion have been registered. The Soviet Union has participated in carrying out twenty two projects with nearly R17 million in total authorized capital.

The Vietnamese, made wise by life, are not jumping from side to side and, while relating to our difficulties with understanding, they are attempting to preserve the relations that have developed with the USSR and in which they are vitally interested.

Meanwhile, the market economy does not tolerate vacuums. Since we have not mastered this truth and our heads are totally absorbed in our own problems, it seems that we have decided to postpone "until later" the settlement of economic ties with Vietnam. Despite the intergovernmental agreements, contracting for reciprocal deliveries for 1991 is practically not occurring. And it turns out that our goods are not being supplied to Vietnam and the rice, meat, vegetables, fruit, rubber, tin, oil, coal, and other products intended for the long-suffering Soviet market are beginning to sail to altogether different shores due, it seems, to the lack of need but essentially because of our sluggishness.

## U.S. Businessman To Sell Cars for Soviet Scrap Metal

*91UF0760A Moscow RABOCHAYA TRIBUNA in Russian 16 May 91 p 3*

[Interview with David Mostny by IAN Correspondent (Special to RABOCHAYA TRIBUNA) Yevgeniy Pozdnyakov, San Francisco: "American Automobiles Are Driving into the Soviet Market"]

[Text] While many people in our country and in theirs are figuring out how the West can assist the USSR to move toward a market economy, American Businessman David Mostny is not weighing himself down with theoretical findings. Just like you would expect from a

business man, he is getting down to business. His company, Alexander, provides consumer goods, mainly glassware and crystal, to supermarkets in many countries of the world.

"There are not enough of your dishes in our country, so just where do you sell them abroad in massive quantities?" asked an indignant reader.

But the American businessman knows the state of our market very well and does not plan to encroach upon Soviet water glasses, wine glasses, and small liquor glasses that are in short supply.

[Mostny] I could not do business if I strictly adhered to the "buy-sell" formula. For example, I know that there is a huge shortage not only of glassware but also of computer equipment in your country. Therefore, I was not surprised when a reputable Soviet organization suggested that I provide it with a large number of personal computers in exchange for, excuse me, manure. Naturally, you understand the commodity they offered me was completely inappropriate for supermarkets. And—this is the conventional wisdom—this deal would never take place. Your organization did not have computers and mine has glassware. Where, you ask, did I get the glassware? Everything is very simple—I shipped the organic fertilizer I obtained in the USSR to China where they sold me glassware in exchange. And, as we have already discussed, supermarkets carry glassware in massive assortments....

[Pozdnyakov] But were you not afraid to invest capital in an enterprise in the USSR?

[Mostny] It is this that I have been involved with recently! It is true this has been more in the countries of Eastern Europe. Along with the experts, we are examining enterprises, finding those that are appropriate for us according to their profile, supplying all required equipment and at times some types of raw materials, training workers, and we are beginning to produce consumer goods. But without packaging, it is still a semi-finished product. In America and in the majority of other countries, the best goods do not attract the consumer's attention if they are not suitably packaged. Besides attractiveness, packaging must be functional: to serve as a container which a supermarket's small number of personnel can easily place on the shelves.

The people who receive our equipment settle accounts with us using the product it produces. At first, I guaranteed my partners 100 percent of the sales. But they rejected this: "We need to learn and earn the money ourselves." Good, I told them, you take responsibility for 20 percent of the finished product and all of it will be product of the highest quality. And my firm will take responsibility for the remaining first and second quality product. In so doing, I am not hiding either my work methods or my business contacts from my partners. At the end of the term of our business deal, I want them to be able to easily orient themselves to the complexities of the current international market.

[Pozdnyakov] But have you tried this approach in the USSR yet?

[Mostny] Right now, one Soviet defense enterprise is producing lawn furniture made from light metal on equipment received from us—these small openwork chairs, benches, and tables normally decorate gardens and lawns around homes in the United States. You can sit on such furniture but it is not very comfortable. Therefore, I am not sure that there will be a great demand for this furniture in your country. Not like the demand that there will be for American automobiles.

[Pozdnyakov] And are you planning to supply them to us?

[Mostny] Well, it is economically complicated to import new ones for you right now. But it is entirely possible for used cars. My firm has already signed a contract with a major Soviet plant to supply various makes of previously-owned American cars (2-4 years old) in exchange for scrap metal. In so doing, we are taking responsibility for the pre-sale preparation of the automobiles: we are repairing them if necessary, we are undercoating the underbodies with an anticorrosive tar, etc. Furthermore, we will transport a large number of automobiles free of charge to provide spare parts. We have already made arrangements with major American automobile manufacturers so that they will open their repair shops near the Soviet plant and they will conduct worker training. Right now, all of the required study aids are being translated into Russian.

[Pozdnyakov] But American cars are not suitable for travel on our roads....

[Mostny] My firm is prepared to begin adapting your roads to our cars. Just provide us with good creative ideas! We are always ready to listen to those ideas that arise among our Soviet partners either at Alexander's permanent business office at the International Trade Center in Moscow or at our headquarters here in California.

## U.S. Businessman Defends Estonian Loan Offer

*91UF0864 Tallinn THE ESTONIAN INDEPENDENT in English 22-28 May 91 p 3*

[Report by Lisa Trei: "US Businessman Defends Dollar Deal"]

[Text] **A US businessman accused of trying to swindle the Estonian government in a foreign loan deal came to Tallinn on May 10 to defend his name and chastise Estonian politicians.**

William Nichols of IBC Investment Group Inc. based in Boston, Mass., said at a press conference in Tallinn that Estonia missed an opportunity to revitalize its economy by not taking advantage of a 20 billion dollar loan offered by undisclosed sources.

When asked about his professional background, a question raised publicly in Estonia when the deal was first

offered, Mr Nichols was vague and evasive. He said he had owned and managed large projects for defence contractors in New England, including Pratt & Whitney and Raytheon Co., but would not give any details. He also said: "We have many people in the US and elsewhere willing to do millions of dollars of business in Estonia." But when asked for specifics, Nichols would only name one sports equipment broker in Boston that wanted to buy 50,000 pairs of ski boots.

Endel Lippmaa, Estonian Minister in charge of negotiations with Moscow, called the giant loan proposal a swindle after it was publicized in April. He said a clause in the deal would have allowed Mr Nichols not to pay the loan to Estonia while leaving the government with hefty fees.

Afterwards, Estonian newspapers reported that Mr Nichols threatened to sue Mr Lippmaa, Estonian Finance Minister Rein Miller and two journalists for libel. On May 10, Mr Nichols denied making the threat and said he would not sue even though he was critical of Mr Lippmaa for misunderstanding how the loan package would work.

"The Estonian government is operating with blinders on," Mr Nichols said. "The Estonian economy is down, stores are empty, unemployment is up, there's no money to get the plants operating. There's no plan to recover from this."

Mr Nichols said he had planned to work with two companies, Exim Fibers Corp. and Crystal Connection Inc., based in Parlin, N.J., and unidentified loan brokers to get the money. He said his company would not have received anything from the deal but was interested in obtaining funds for Estonia because it wanted to act as a mediator for proposed large-scale projects that included building an oil refinery and renovating Tallinn's old town. Mr Nichols said he understood that Estonia may have needed less than 20 billion dollars but that was the amount offered. On May 10, he said the funds were no longer available.

Despite the negative publicity in the Estonian press, Mr Nichols said he planned to continue working in Estonia. "We get a lot of support too," he said. "I think there's still a good future."

## Moldovan Foreign Economic Deals Criticized

*91UF0725A Moscow PRAVDA in Russian 7 May 91 First Edition p 2*

[Article by PRAVDA correspondent A. Pasechnik: "Solo for Barter With Orchestra: How Economic Independence Is Understood in Moldova"]

[Text] Kishinev—**Everyone knows that victory usually has many parents, but defeat is always an orphan. I thought about this not long ago when I heard a stormy debate in the parliament of Moldova about the failure of the foreign economic activity of the republic. Deputies were indignant with respect to individual personalities, and those accused the government, which, in turn, referred to the "intrigues of the center..."**

**But how promising everything was in the beginning! The last year went here in the local press, it can be said, under the very popular rubric "Contacts and Contracts." Numerous reports on this subject created the impression that the entire Western business world could not wait until Moldova finally turned its face toward them. And it finally happened! Businessmen on constant visits to the republic eagerly gave extensive interviews in which they generously promised to flood the republic with commodities. As the saying goes, no problem. They even, for example, took it into their heads to deliver papaya in small quantities. Not everyone here, of course, knows what it is, but, nonetheless, it is pleasant.**

Life, however, is arranged so that it is advisable to combine the desirable with the pleasant. But here it was much worse: Month followed month, but the pleasant promises did not have any noticeable useful effect on the catastrophically empty counters and generally on the economy of the republic. Moreover, from time to time, reports started to seep into local newspapers (by an oversight?) about scandalous "punctures" in foreign trade activity. Either large batches of freight which were being sent to the West, bypassing the norms and rules that exist here, were detained at customs in Ungeny, Reni, and Chop, or it is discovered that commodities have gone abroad that are nowhere to be found here. Or it suddenly becomes clear: The partner with whom an agreement has been struck turns out to be, figuratively speaking, not the dancing partner one expected.

In this connection, I cannot help mentioning an incident about which gossip has not quieted down in Kishinev for half a year. One day a Western businessman appeared here, who was a Romanian by birth and is now a citizen of one of the overseas countries. Introducing himself as a millionaire, he literally charmed some of the leaders here with the breadth of his business interests and proposals of fabulously profitable contracts. He was given first-class treatment, he was put up in apartments for the most important guests, and tens of thousands of rubles from the state treasury were squandered on all of this. But, shortly after the "millionaire," who had a merry time in Kishinev, departed for his country, it was disclosed that he was an arrant swindler.

The scandals that were permanently cropping up, however, were only a prelude. A real scandal broke out when, at the urgent demands of the deputies of the Supreme Soviet of the republic, a specially created parliamentary commission checked on the foreign economic activity of the government. The facts that were disclosed in this, in my opinion, disconcerted the commission members themselves, not to even mention the parliamentarians. "Chaos," "robbing the republic," "an economic crime"—these emotional expressions by the deputies at those battle sessions, believe me, were not the strongest expressions...

Such a reaction is understandable: A person is rarely delighted when he finds out that he was soundly swindled. But here the republic was swindled. The ball was led by barter; that is, the exchange of commodity for commodity. It is a kind of solo for barter with an orchestra of dozens and hundreds of energetic people, heaven knows where they came from, who interpret in their own way the sovereignty proclaimed by Moldova and who are quick to get everything out of it that lies in temptation's way. Moreover, there is one principle: "Commodities are exported at low prices, but they are imported at prices that exceed prices on the world market. As a result, the republic sustains losses in two ways: the list of commodities for exchange and hard currency"—this is a quotation from the commission findings.

Among the many cases cited in the document, I will select several. For example, 145 tons of tomato paste were exported to Austria and almost 1,000 tons of sunflower seeds. And what was in exchange? Thirteen automobiles, 370,000 diskettes, 67 computers, and 93 tons of soap. Moreover, the sunflower was calculated in the barter at a price one-fourth lower than the foreign market level, but the soap—correspondingly 30-40 percent higher. A transaction with Romania: to there 10 million eggs, and from there, about a thousand typewriters and 60,000 bottles of Albanian cognac. DPRK: 77 tons of aluminum utensils and 148,000 rubles [R] in tableware in exchange for 100,000 cassettes. It can be asked: What, do not the Koreans have tableware? It is simply that they need the metal, and so they took these utensils at prices only one-third higher than the cost of nonferrous metal scrap on the world market. On the other hand, we "ripped off" the aforementioned cassettes at a price 15 times higher (!) than they cost on this market. You really have to look for lop-eared clients like us...

Or another example—how we managed with China. We bartered 148 tons of honey and 168 household deep-freezers (for which there are long lines on a list in Kishinev) for 2,000 radio-tape recorders.

And so on. Metal and meat, clothing and shoes, fabrics and bed linen went abroad... But in the fall I was unable to get eggs for ration coupons. Coupons have now been issued for clothing and shoes—maybe I will get hold of some. Here the leaders of the government are trying to make us understand that what is going abroad is surplus. "Eggs are surplus? Tableware is surplus?" one of the agrarian deputies said indignantly at a meeting of the session. "In our kindergarten, four are eating from one plate. And in the hospital...

Here is another typical episode with the "surpluses." A large quantity of cow hides were sent beyond the border, but the new big leather plant near Kishinev is provided even by quotas only two-thirds of this raw material which is in such short supply. "For the most part, these transactions stipulate delivery abroad in substantial volumes of raw materials, food, and consumer goods; that is, commodities in increased demand, whose severe shortage is felt by the population and enterprises of the republic, and the imports are audio and video equipment and passenger cars" (from the findings of the commission).

With due respect to all of the work that was performed by the parliamentary commission, and understanding the difficulties that it encountered—the data, for example, had to be gathered literally by fragments, inasmuch as no one in fact is conducting a general account and a general analysis of the foreign economic activity in the republic—it must be acknowledged that the commission did not succeed in getting beyond the scope of a simple statement of the facts. But the main thing lies elsewhere: What is behind these facts? Or who? In their angry speeches, the less diplomatic deputies most frequently mentioned M. Druk, the republic's prime minister, who, in their opinion, approached business unprofessionally, and personally protected many questionable transactions. But, still, the only consequence of this Kishinev "Watergate" was the quiet retirement of state minister G. Gaindirek (as is claimed, a first cousin of the premier), who was personally mixed up in certain unauthorized operations. Well, the commission had the time to delve deeply and expand its findings: But, in any case, the parliament did not pass a decree on this issue, and it postponed it to the spring session, which opens on 14 May. One would like to hope that the more than two-month break was used by the commission not so much to seek additional data on the entire complex of foreign economic relations of Moldova as to reflect on the concept of these relations and their strategy.

In the meantime, alas, one cannot see here even an approach to such a concept. After all, one cannot take seriously as strategy the general enthusiasm for barter, which last year amounted to nine-tenths of all foreign trade operations in the republic. Is this not a fact which is worth thinking about very deeply? And, incidentally, not only in Moldova. After all, in its essence, barter—an abnormal phenomenon in international trade practice—itself signifies the economic omnipotence of one partner and the illegality of the other.

"Yes, our market is poor, yes, there is a severe shortage of hard currency," V. Stratulat, the chief of the USSR Foreign Economic Bank in the city of Kishinev, told me. "And, nonetheless, barter is our economic shame for which we lose both money and prestige in the business world, and which distorts the meaning of foreign economic relations. We exchanged sunflower for soap. Soap, of course, is necessary, but to operate according to the principle of "we will swap without looking" is also not useful. We should have thought, looked, and sold that sunflower at a higher price, and with the gain we could have bought twice as much soap. And bought it, take note, from a producer and not from a middleman, for whom our barter is a golden rain. You think, who for the most part is making the rounds here in Kishinev? It is the middlemen who for the time being feed themselves on our economic helplessness and ignorance. It is not accidental that in the West barter is a minuscule part of

trade, and that it is not encouraged at all by the government: It is easier to hide profits in barter operations.

Judging by certain steps of the Union Government, we also are beginning to grasp this difficult knowledge. What I have in mind, in particular, is the December decree of the Council of Ministers of the Country in accordance with which the conclusion of all barter transactions for 1991 is being suspended, except for several individual cases. However, Moldova did not ratify this decree, and since the beginning of the year barter is playing solo with its former force. But the governmental foreign economic commission is supporting it with its former persistence, brushing aside such tiresome formalities as quotas and licensing of products being exported. "There is nothing the center can dictate to us! Enough!"—that is what hovers in governmental offices that have been guarded for some time by submachine gunners.

Of course, there is enough of dictation. Indeed, it is also impossible now. That is why there is a radical change in the central and local schemes of administration of our foreign economic activity, shifting emphasis to the side of the latter. For example, the Kishinev administration of the Foreign Economic Bank got an opportunity to do business with many banks of the world, bypassing Moscow. But, if under dictate is meant suppression of illegal foreign trade operations that cause damage to the state, then I am for such a dictate. But that same V. Stratulat, for example, began to object here, when he resolutely opposed the intentions of the Moldovan Government to purchase wheat abroad on credit, being granted to the center that is so objectionable to some, at a price that is higher than the level of the world market. And even from the rostrum at the session, he impulsively asked the premier why he is encouraging the deposit of hard currency abroad.

It was a situation, by the way, that was rather uneasy, and already of interest to the procuracy. Earlier mention was made of a batch of cow hides sent abroad; the 167,000 foreign currency rubles that were due according to the contract did not arrive in the republic. And this, the experts suppose, is not the only case. Something like this is considered to be one of the most serious financial crimes in the entire civilized world, entailing not only an immediate closing of the firm, but other harsh measures, as well. Apparently, it is considered otherwise in Moldova.

Another representative of the "imperious structure," A. Zhosan, a representative of the Ministry of Foreign Economic Relations of the country in the republic, flatly refuses to issue illegal licenses and puts a spoke in the wheels during the spinning of questionable foreign economic operations. Sic him! An effort is made quickly to compromise him, and this very experienced specialist is then "persona non grata" in many respects.

It is noteworthy that both of these professionals before the parliamentary examination were not even invited to the meeting of the governmental foreign economic commission where—think it over!—there was virtually no specialist of this type. And this is in a case where it is precisely here that there is a need for the most competent analysis, accounting, and forecast. And that foreign economic activity in general and barter as its special routine particularly require solid special knowledge and experience in the field of financial and hard currency operations, movement of goods, transport, international law, insurance, etc. These cannot be replaced by even the most jingoistic slogans and the most critical invectives directed at the center.

By the way, similar invectives are a preferred method of the leadership of the government. For the time being, the whims of the weather are not attributed to the "intrigues of the center." But it is to blame for everything else. There is not enough hard currency? But after all, according to the president's ukase, 40 percent of the earned hard currency is collected for the all-Union fund... And it turns out that the small republic is feeding almost the entire country with foreign currency rubles.

So, who is feeding whom? "At the present time, Moldova is in a position to sell its commodities on the international market for approximately 350 million foreign currency rubles. At the same time, we receive imported equipment, raw materials, materials, and consumer goods for R1.6-R1.8 billion. Just the medical establishment of the republic itself spends almost 500 million foreign currency rubles on the purchase of medicine and equipment. I think that it is obvious where these resources come from," V. Stratulat wrote recently in SOVETSKAYA MOLDOVA. The specialist with more than 40 years of service can be believed. It just seems that it is unlikely that the barter boom that is continuing in the republic will change this ratio.

And one more thing about barter Kishinev style. When, as we saw, raw materials, food products, and utensils are exchanged for television sets and even automobiles, it is clear to me from whom it is taken and exported. But for whom are the imports? Question. For example, for the time being Volvo's somehow are not ending up in villages...

## Icelandic Bank Signs Agreement for Loan to RSFSR

*91UF0631A Reykjavik MORGUNBLADID in Icelandic 27 Mar 91 p 4*

[Text] An agreement will be signed in the coming days by which the National Bank will loan the newly established bank of the Russian Republic, Vneshtorgbank, 17.5 million German marks, or about 620 million kronur, because of purchases by Rosvneshtorg, a concern of the Russian Republic, of woolen goods from Alafoss Ltd. this year and next year. The Russian Republic will guarantee the loan, and lawyers for Vneshtorgbank have been scrutinizing technical points of the loan formulations during the past days.

"This marks a definite watershed when this agreement is signed and it is a very big step for Icelandic industrial life, since we are avoiding here the traditional pathways through which we have been selling," says Jon Sigurdsson, financial director of Alafoss Ltd.

According to the agreement Rosvneshtorg would buy approximately half of the woolen goods this year and the other half next year. At issue are the same goods as Alafoss Ltd. sells to Western countries. These are, therefore, more expensive and higher quality goods than the business has sold to the Soviet cooperative union, Soyuzkoopvneshtorg, and to the Purchasing Union of the Soviet Union, Raznoexport, according to Jon Sigurdsson. He says that Alafoss Ltd. has goods which the firm could deliver to Rosvneshtorg at the same time that it is finished signing the agreement.

The Soviet cooperative union and the Purchasing Union of the Soviet Union owe Alafoss Ltd. in the area of $4.4 million, or about 265 million kronur, for woolen goods which these firms bought earlier. "A positive movement has come in this debt matter," says Jon Sigurdsson. He says that discussions with the Soviet cooperative union about purchase of woolen goods from Alafoss Ltd. this year have been delayed. On the other hand, Alafoss Ltd. negotiators would be carrying on these discussions full force in Moscow in the next days.

The Soviet cooperative union has brought woolen goods from Alafoss Ltd. for the equivalent of 16,000 tons of gasoline for the year, or barely 200 million crowns at current value, and business transactions of the Soviet cooperative union have been based on barter, according to Jon Sigurdsson.

The Icelanders have made it a stipulation for the signing of a framework agreement with the Soviets for the years 1991 and 1992 that they pay us $16 million, or about 960 million kronur, for an agreement on the purchase of pickled herring, woolen goods, canned foods, and frozen fish from here during last year, of which $5 million, or about 300 million kronur, for purchases of pickled herring. "I do not anticipate that it would hamper us in discussions with the Soviet cooperative union that a new framework agreement has not been signed," says Jon Sigurdsson.

## U.S. Views on USSR Credits Described

*91UF0765A Moscow SELSKAYA ZHIZN in Russian 18 May 91 p 5*

[Article by An. Balebanov: "Credits from the United States: Pro and Con"]

[Text] As SELSKAYA ZHIZN reported yesterday, the Senate of the U.S. Congress voted to extend additional credit to the Soviet Union in the amount of 1.5 billion dollars for the purchase of agricultural products. President G. Bush of the United States has not, however, made a final decision on the credits yet. He wants to be certain that this will not violate a 1990 law prohibiting the extension of credit to countries categorized as credit risks. The U.S. Department of Agriculture is supposed to advise him on this score.

In the opinion of a high-level Western diplomat in Moscow who asked to remain anonymous, the Americans would like to support the policy of reform in our country by extending credit to the USSR for agricultural products. As he put it, however, the bigger the credits, the bigger the debts. If difficulties in the food distribution system are the only reason for the credits, they are unlikely to help: In this case the reorganization of the distribution system would be more helpful. It is no secret, he went on to say, that the Soviet Union produces more wheat per capita than the United States, but whereas the Americans are selling wheat abroad, the USSR is suffering from a shortage because of losses during shipment and storage. As he asked, would it not be better to use the credit to improve the system of food storage and distribution than to use it for new grain purchases?

Many politicians and agricultural experts, however, are inclined to believe that the Soviet Union will ultimately receive the credits from the United States. At least this is the opinion of American Professor Philip Raup from the University of Minnesota and agricultural economist William Tierney from Kansas State University. It is true that the latter told me that the credits would be more likely to total not 1.5 billion dollars, but approximately half of this amount.

Quite frankly, we must admit that there are influential opponents of these credits in the United States. According to news agency reports, they occasionally question the solvency of the Soviet Union and assert that after the Soviet Government has received the credits, it could exert stronger pressure on the republics in order to preserve the center's strength and influence.

It seems to me that if the United States really wants to support the Soviet leadership's current reforms, people there will not link their actions with any kind of political conditions.

## U.S. Actions in Gulf Hit, Laid to Oil

*91UF0763A Moscow AZIYA I AFRIKA SEGODNYA in Russian No 4, Apr 91 (Signed to press 19 Mar 91) p 1*

[Article by V. Turadzhev under the rubric "Commentator's Opinion": "The Most Expensive Murder"]

[Text] The mutual understanding and cooperation that has emerged between the two superpowers under the influence of the new political thinking have postponed the nightmarish threat of a global thermonuclear catastrophe for mankind. But they have not eliminated and for the time being could not eliminate the latent tension and sharp interstate conflicts which exist in various areas of the world. And although successes have been attained in some places, in other places conflicts are evolving into fierce combat operations using the most modern weapons. How do we extinguish them if diplomacy turns out to be powerless? Obviously, in a number of cases, as the crisis in the Persian Gulf has shown, the application of the military option becomes unavoidable. But this is an extreme measure and it must be carried out in total compliance with the UN Charter.

Do U.S. actions in Saudi Arabia meet this requirement? It would seem that the brilliantly conducted military operation provides an unambiguous answer—and we are not judging the victors. But nevertheless....

The American administration's decision to begin the broad spectrum retaliatory action was caused under the pressure of a number of factors. We naturally need to place Washington's aspiration to protect its allies and the Saudi Arabian oil fields from Baghdad's wild belligerence and to restore Kuwait's ruthlessly violated sovereignty as the top priority. Kuwait was on everyone's lips. But there was something different in the minds of the military and the weapons manufacturers. Marine General Gray had already formulated their thoughts in May 1990 when he stated that if the United States wants to remain a superpower, it must maintain access for itself to foreign markets and to the resources needed for American industry. And since regional conflicts could interfere with this, the United States "must preserve, within the framework of its own defense structure, forces for military intervention that are adequately flexible to correspond to conflicts of all types and at any point on the world's surface."

It is this approach that defined the harsh and uncompromising actions of the George Bush administration in the Persian Gulf area. R. Bulliet, director of Columbia University's Middle East Institute, thinks that the United States followed the wrong path from the very beginning, preferring military actions to political and economic methods. "It was a mistake to deploy such major forces into the region," he said. "In my opinion, instead of that, we should have deployed a small contingent there which would have played the role of a prohibitive barrier and would have acted as a supplement to sanctions and should not have made the prestige of our

country's president dependent on the withdrawal of Iraqi troops from Kuwait. We needed to display greater flexibility."

R. Bulliet is not alone in these assessments. I think that the measures listed would in fact have been adequate for the liberation of Kuwait and that is what the UN Security Council resolutions called for. But the White House went beyond the powers granted to the multinational contingent. The total defeat of Iraq's military machine and the destruction of its economy and economic infrastructure became the U.S.'s goal.

To some people, this may appear to be just retribution for Kuwait's humiliation and suffering. But is it morally correct to restore justice while sowing death and destruction? Then for whose sake were 150,000 Iraqis—women, old people, and children—sacrificed?

"We must completely clearly understand what was at stake," writes V. Samuelson in THE WASHINGTON POST. "The matter was not that very soon the price for a barrel of oil would increase by $5-10. We are surviving this although this would also be unpleasant. Actually, this is a question of changing the balance of power in the Middle East which (if Iraq had not been defeated—V.T.) would have transformed oil into a strategic weapon and would have made war between the Arab states (led by Iraq) and Israel practically inevitable."

Oil is one of the primary reasons, if not the primary reason, that put the U.S. military machine at combat readiness. The 1973 Syndrome that sent the West into shock because of a quadruple increase in world oil prices turned out to be extremely hardy. It was at that time, in the 1970's, that the feverish search for alternative sources of energy and new oil deposits began and strict economy for all types of fuel was announced.

But hot heads had already proposed another solution at that time. In 1975, a thorough and extremely argumentative article in the March issue of the influential American HARPERS MAGAZINE, which called for the seizure of the Saudi Arabian oil fields using armed force, caused a real international scandal.

Middle East oil has a really vitally important significance for the West. In 1989, Europe received 47 percent of the oil it needed and Japan received 63 percent of its oil from the Persian Gulf. The interests of the oil kings and the military industrial complex have always coincided. And there is one more reason that is distinctly heard in the Arabian tragedy. The destruction of Iraq's military and economic might also meets Israel's not nearly secret geopolitical aspirations which I have already written about in the March issue of the magazine.

It is these three factors—oil, the military industrial complex's imperial ambitions, and the interests of the Israeli hawks—that determined the selection of the harshest variation of Washington's military-political actions. But this is also the most expensive variation. The anti-Iraq coalition's direct combat actions alone cost it tens of billions of dollars. Idle statisticians have calculated that the "cost of the murder" of one soldier reached $1 million during the Iran-Iraq War. Right now that record has been exceeded many times. To the joy of the military industrial complex, weapons arsenals that have been accumulated over many years have been rapidly devastated. The newest equipment for the destruction of people was employed in the air, at sea, and on land. Iraq and Kuwait became enormous test ranges where electronic monsters that spew forth death were tested on live targets in the hellish flames of modern combat. The world economy has been staggered. Economic and transportation ties have been disrupted. Dozens of countries have suffered enormous losses, including from the ecological catastrophe.

Right now when the black ashes of war have fallen, people must begin to ponder the very high price they pay when they grab their weapons when they cannot find a reasonable political solution to a problem that arises. This does not only apply to Saddam Hussein. He got his due.

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## Major-General Bolyatko on Military Activities Pact with Canada

*91UF0808A Moscow IRUD in Russian 15 May 91 p 3*

[Interview with Major-General Anatoliy Viktorovich Bolyatko, head of the Soviet portion of the USSR-Canada Joint Bilateral Military Working Group, by IRUD Correspondent E. Alekseyev: "USSR-Canada: Reinforcing Security Together"]

[Text] Several days ago in the capital of Canada, Ottawa, USSR Armed Forces Chief of the General Staff General of the Army M.A. Moiseyev and Canadian Defense Staff Chief General D'Chastelain signed an agreement between the government of the USSR and the government of Canada on preventing dangerous military activity. Our country has a similar agreement only with the United States. What is the agreement's meaning and significance? Our Correspondent E. Alekseyev talks with Major-General A.V. Bolyatko who headed the Soviet portion of the Joint Bilateral Military Working Group and who worked out the terms of the agreement.

[Alekseyev] Anatoliy Viktorovich, what is the basic idea of the agreement whose development I have learned had already begun in October 1990?

[Bolyatko] It is based on the aspiration of both parties to adopt effective measures directed at reducing the possibility of the emergence of incidents between their armed forces or their immediate peaceful resolution if they do emerge. And they can emerge as a threat to the security of personnel of ships, aircraft, or ground-based systems

as a result of military activities near the other party's armed forces personnel or equipment.

[Alekseyev] The primary meaning is generally clear. But I would like to know what you specifically have in mind by the concept of "dangerous military activity"?

[Bolyatko] The agreement defines four types of armed forces activities that are recognized as dangerous and whose prevention is both parties' goal in accordance with this agreement.

**First.** The parties are obligated to take the required steps to prevent incidents when their armed forces personnel (or equipment) enter within the boundaries of the state territory of the other party. This may occur by virtue of, as we say, force majeure circumstances (that is, when these circumstances are of an extraordinary nature associated with the influence of an insurmountable force—natural disasters, catastrophes, etc.) or as a result of the unintentional activities of the personnel themselves. Crossing a state border for these reasons is not hostile in nature. However, its consequences may be extremely dangerous if a precisely established communications system is absent.

Therefore, the agreement stipulates the required levels of communications, radio frequencies, signals, and even phrases in each specific situation. The advisability of utilizing one or other communications channels must be determined by the appropriate commander for the most rapid resolution of the situation that has developed.

Precise fulfillment of the procedures to settle these types of incidents by both parties guarantees that those extreme measures which are stipulated by the appropriate laws for action against border violators will not be employed. And this is very important.

**Second.** The parties have been obligated to take the required steps to prevent the utilization of lasers when their radiation may harm personnel or damage the equipment of the other party's armed forces. At the present time, a large number of different types of laser instruments have been developed that differ substantially from each other by their parameters. Therefore, it did not appear to be possible to prescribe some sort of definite quantitative criteria to restrict the dangerous use of laser devices. As a result, each party independently determines at what distance the use of laser devices is dangerous. And in accordance with the agreement, each party will operate in such a way so as not to expose the other party to danger.

**Third.** We agreed on the definition of areas of special attention. The presence of armed forces formations of various states in a similar area under conditions of the extreme tension that has emerged there for whatever reasons could result in a situation when any unforeseen actions of one of the parties is fraught with tragic consequences. Therefore, it is necessary to adopt the agreed measures in order to reduce the dangerously explosive level of tension in those places where armed forces formations are located in contact with one another.

**Fourth.** Each of the parties is obliged to take the required steps not to create interference for command and control networks which may become the cause of harm to the other party's armed forces personnel or damage to their equipment. In this case, we have in mind accidental or unintentional interference. If personnel have detected interference in their own command and control nets and have certified their potentially dangerous nature, they can inform the other party's armed forces personnel. Having received this information, the other party's personnel, having verified it and having come to a conclusion based on the complaint, must immediately cease the interfering activity.

[Alekseyev] And now all of these measures to prevent possible dangers have already come into force?

[Bolyatko] No, the agreement will enter into force six months after it has been signed but before that the USSR and Canada armed forces will painstakingly study it. Requirements will be increased for crews of aircraft and ships that operate on the high seas or in the airspace over it and also for the parties' ground forces subunits that are located in direct proximity to each other.

And I also want to add that the parties have agreed on regular meetings of their representatives to make measures more precise and specific that are directed at further increasing the effectiveness of the agreement and that will help to discover new spheres of cooperation to prevent dangerous military activity.

[Alekseyev] Consequently, Canada has become the second country after the United States with which the Soviet Union has concluded such an agreement. Are there plans to conclude similar agreements with other states?

[Bolyatko] I am convinced that the signing of this type of agreement with other contiguous countries could make a weighty contribution to the improvement of the Soviet Union's relations and to the deepening of its cooperation with its neighbors and would serve as an additional guarantee to maintain stability and security in appropriate regions and, naturally, improve the international climate on the whole. It is worthwhile to work on this.

## Austrian Vice-Chancellor Visits Belorussia

*91UF0768A Minsk SOVETSKAYA BELORUSSIYA in Russian 30 Apr 91 p 3*

[BELTA Report: "The Austrian Vice-Chancellor's Stay"]

[Text] Austrian Republic Vice-Chancellor Josef Riegler was in Minsk. On April 26 at the Belorus Hotel Conference Hall where a doctors of hematology congress is currently taking place, the Austrian Government officially transferred a document allocating 50 million [Austrian] schillings for the construction of a children's hematological center in the Belorussian capital.

The Austrian guest met with BSSR Council of Ministers Chairman V. Kebich and Republic Supreme Soviet First Deputy Chairman S. Shushkevich who, on behalf of the republic government and parliament, sincerely thanked the government of Austria for the aid to the Belorussian people. As it was stressed at the meeting, philanthropic cargoes from Austria have been coming into the republic even prior to this—from social organizations. This is the first time a humanitarian step has been taken at the governmental level.

The initiative for creating a children's hematological center in Minsk, said the guest, belongs to the Hilfswerk [welfare organization] Charitable Organization whose representatives also came to Minsk. Once they have returned home, they will organize the collection of resources for the continuation of this action. We hope that the governments of other countries will support our initiative.

BSSR Council of Ministers Deputy Chairman M. Myasnikovich, Minister of Foreign Affairs P. Kravchenko, and Minister of Public Health V. Kazakov participated in the conversation.

Josef Riegler and the individuals who accompanied him visited the republic children's hematological center in Minsk.

A breakfast was held in honor of the Austrian Republic vice-chancellor on behalf of the BSSR Council of Ministers.

The guest left for his homeland on that same day.

## Divisions in Finnish CP (Unity)

*91UF0768D Moscow PRAVDA in Russian 20 May 91 Second edition p 5*

[Article by PRAVDA Correspondent Yu. Kuznetsov, Lahti, 19 May 91: "Finland: The Congress of Communists Has Occurred"]

[Text] The FCP(U)—Finnish Communist Party (Unity)—Congress took place over a two day period in the Finnish industrial city of Lahti. Three hundred eighty eight delegates and nearly 100 guests, including a number from abroad, made the trip to attend it. A CPSU delegation headed by Politburo Member, Central Committee Secretary P. Luchinskiy participated in the congress' work.

FCP(U) Chairman J. Hakanen delivered the report. Then the delegates were divided into three working sections in which specific issues of Party activities were discussed.

On the whole, many disagreements have seriously complicated the situation in the ranks of the leftist forces. Local advocates of Marxist teachings have to overcome many difficulties both because of the crisis of socialism in general and also as a result of the processes that are occurring in the USSR and in the CPSU.

The topic "Lessons of the Crisis of Socialism" attracted the greatest attention of the delegates and congress guests. P. Luchinskiy also spoke.

On the whole, the participants noted that the congress occurred in a businesslike, constructive spirit.

The Congress reelected the Party's leadership. J. Hakanen has once again become its chairman.

## Finnish Envoy on Regional Economic Interests

*91UF0801A Moscow ROSSIYSKAYA GAZETA in Russian 24 Apr 91 p 3*

[Interview with Finnish Ambassador Heikki Talvitie by Sergey Semendyayev, ROSSIYSKAYA GAZETA identifies itself as a "publication of the RSFSR Supreme Soviet": "There Are No Grounds for Pessimism—Asserts Finnish Ambassador to the Soviet Union Heikki Talvitie in a ROSSIYSKAYA GAZETA Interview"]

[Text]

[Semendyayev] Mister Ambassador, this is not the first time that you work in Moscow. Therefore, I would like to ask, in your opinion, what changes have occurred in our country since the your last stay here?

[Talvitie] Yes, this is already my third time in the Soviet Union and I worked here at nearly identical 10 year intervals. So, both 20 and 10 years ago the entire work of our embassy was confined to Moscow because it was here in the center that all decisions were made. We diplomats practically never left the Soviet capital on business. In any case, at that time, I did not have the occasion to drive to those regions which right now are in the sphere of our interests in the USSR.

[Semendyayev] You are speaking about the Baltic Region?

[Talvitie] Not only about the Baltic Region. Right now we are cooperating or mapping out a path of cooperation with Russia's northwestern territories. First of all, this is the Kola Peninsula, Kareliya, and Leningrad. Naturally, we are maintaining our extensive ties with the Baltic

republics, especially with Estonia. Direct ties have also been established with the Komi Republic.

It is a question about the realization of joint projects in the most varied sectors of the economy. We are paying particular attention to the development of ecologically clean production in these regions. The North is very vulnerable and ecological catastrophes do not recognize state borders.

Besides, the changed situation in trade between the USSR and Finland spurs us on to the development of direct ties with these regions. As you know, since the beginning of this year, we have rejected clearing which has perceptibly hit many Finnish firms. We understand that it was impossible to maintain clearing trade any longer. And in order not to lose our positions in the Soviet market, it is in these regions that Finland will now have to concentrate its interests by establishing direct contacts.

[Semendyayev] Will Finland manage to preserve for itself the place in the Soviet market that it now has?

[Talvitie] I think that it is still too early to provide any sort of guarantees. A transition period occurred after the cancellation of clearing when old ties have been disrupted and there are not yet any new ones. This is understandable: there is not enough hard currency for direct trade in the USSR, barter is restricted, and there are also not yet any new forms of payment. Here it is impossible to sit idly by, we need to search together for ways to develop trade.

It is also very important for us that the territories with which Finland intends to develop cooperation have the economic independence needed for such activities. Naturally, only the center may grant and approve such powers. We would like the region's economic rights to be legally consolidated.

[Semendyayev] Many of those regions that you have been talking about are part of the Russian Federation and accordingly they also have republic subordination besides union subordination. How are your relations developing with the Russian leadership?

[Talvitie] We have established permanent contacts with many Russian ministries, for example, with the timber and petroleum production industries and with the ministry of foreign affairs. But for us the problem is that we do not know how to activate these ties and the powers of these departments are not completely clear. It is primarily this uncertainty that is impeding our cooperation with Russia's MVES [Ministry of Foreign Economic Relations]. In this situation, we have decided for ourselves as follows: we are developing business ties on the union and local levels and are informing the Russian government about our activities without fail.

[Semendyayev] The Baltic issue is playing an important role for practically all Scandinavian countries in their ties with the USSR. How is the situation in the Baltic Region influencing cooperation between Finland and the Soviet Union?

[Talvitie] Actually, right now serious tension is being maintained in relations between the Baltic Region and Moscow but we have repeatedly stated that we do not want to link this crisis with Finno-Soviet contacts. We unambiguously support the Baltic republics' aspiration for independence. And we are sure that independence must be granted as a result of bilateral talks, there can be no other way.

Incidentally, I will cite an example from the history of Finland itself. When the Bolsheviks seized power in Petrograd in October 1917, our leadership at that time requested that several Scandinavian and European states recognize Finland's independence. However, they all refused, stipulating that they would recognize our independence only after Russia did. And Finland was recognized by the West only after Lenin's Decree.

[Semendyayev] We are talking about the difficulties of the transition period in Finno-Soviet relations. But does our cooperation generally have any prospects? Many people have a very skeptical assessment of the future of these contacts.

[Talvitie] Pessimists assert that the Soviet Union is already collapsing and cannot present a serious interest for us as a market or as a trading partner. I think otherwise. Moscow and Leningrad will not disappear under any circumstances, these are powerful industrial centers around which we can work. I am already not talking about Russia as a whole. This is a good help for us. But only time will help us to establish broad mutually beneficial cooperation.

## Mitterrand Profiled, Attitude Toward USSR Viewed

*91UF0739A Moscow PRAVDA in Russian 11 May 91 Second Edition p 6*

[Report by PRAVDA correspondent V. Bolshakov: "The Mitterrand Phenomenon"]

[Text] Paris, May—((begin bold))Having announced his candidacy for the office of president of the French Republic from the forces of the left for the third time (prior to this he had been a candidate in 1968 and 1974), F. Mitterrand was victorious on 10 May 1981. It was the first time in the Fifth Republic that a socialist had come to occupy the office of head of state.((end bold))

Alain Duhamel, a leading French journalist, recently wrote in the newspaper LE MONDE that in his 10 years in office F. Mitterrand "has accomplished an unprecedented feat, having reconciled the left and power." This almost aphoristic statement contains a profound thought. Mitterrand really has been able to show that the left are not destroyers of foundations and disembowelers of fortunes, but responsible politicians who care about

the good of the republic and its citizens no less, and sometimes more, than the right.

It is a rare politician--has there indeed been such—who could, 10 years after the assumption of office, have preserved the support of 56 percent of his citizens. And a poll just conducted by the Institute for the Study of Public Opinion (SOFRES) has shown that just such a number of French people believe that F. Mitterrand has ended his first decade with a surplus balance. This is even more than last year.

His compatriots—political scientists and leaders of political parties—are pondering the Mitterrand phenomenon in earnest, and his overseas contemporaries are thinking about this phenomenon also.

Mitterrand's biographers see as the basis of his political wisdom two cornerstones: the patriotism of the present president and his devotion to liberty and human rights. This helps us to a considerable extent understand France's policy, both domestic and foreign. When F. Mitterrand is accused of "protecting" French capital, it is the patriotic aspect of this patronage which is frequently forgotten. F. Mitterrand saw sooner than others the prospect of creating a single economic space in Europe and soberly assessed the possibilities of the French economy. They were not that impressive. And so from 1985 through 1990 French overseas capital investments began to grow rapidly. In just these five years they have increased sevenfold—from 20 billion francs [Fr] to Fr140 billion.

"Thanks to France," Foreign Minister R. Dumas, one of F. Mitterrand's closest associates, said recently, "the European Community has been able to put an end to its squabbles and resume its forward movement, to grow, incorporating Spain and Portugal, and to strengthen thanks to the adoption of the Single European Act."

The idea of an all-European conference, which he put forward, was not supported immediately or everywhere. But it was accepted in the Soviet Union since the policy of new thinking adopted in the years of perestroyka has proceeded from the need to build a common European home, eliminate the military blocs, and substitute for the former confrontation of cooperation on a de-ideologized basis. It is for this reason that as of 1985, when M.S. Gorbachev paid France his first overseas visit as leader of the Soviet state, the development of Soviet-French relations has been for F. Mitterrand a most important priority of his foreign policy. An exchange of top-level visits has once again become regular. A concord and cooperation treaty between our countries was signed for the first time in 1990.

For those who know the history of Soviet-French relations, the list of the new cooperation agreements and accords is not in itself evidence of these relations' transition to a new and higher level. Indeed, cooperation between our countries is traditional, both in the economy and in the coordination of foreign policy courses. But that which is new, which perestroyka has introduced to our relations, is truly unique. There has for the first time been a convergence of the two countries in their approach to the problem of compliance with human rights and the equal acceptance of values common to all mankind also. Moscow's abandonment of its former narrow-class evaluations of the processes occurring in the world, primarily in Europe, and the Soviet leaders' broader view of socialism have afforded prospects for the USSR's integration in the all-European community. F. Mitterrand has played a considerable part here also. He is now, to employ an analogy from Peter's time, helping us hack through a window into Europe from the West European side.

On 6 May F. Mitterrand once again visited the Soviet Union. Commenting on this brief visit, the French press observed particularly that there are no opportunist influences in the French president's approach to the development of relations with the USSR. Mitterrand, L'HUMANITE writes, deemed it his duty to emphasize that he will continue to advocate support not only for Gorbachev but for perestroyka also. This is yet further confirmation of the extraordinary importance for France and F. Mitterrand personally of the political changes occurring in the USSR.

. For the 10th anniversary of F. Mitterrand's election as president his Socialist Party, in which he is no longer general secretary but the acknowledged leader, as before, has put out a series of posters. Each carries a line from the chronicle of the socialists' legislative achievements in the past decade and the notice: "We Have Been Sowing for 10 Years Now ..." And in the center of the poster, a hand strewing rose petals. There is an element of political publicity in all this, of course, and the socialists immediately became a target of the right, which accused them of throwing money away. But be that as it may, the socialists really have done a great deal for France in the past 10 years and sowed much that is intelligent and good. F. Mitterrand's role in this is beyond question, which is recognized by a very considerable majority of the French.

Jean d'Ormesson, a member of the Academie Francaise, important writer and an ideologist of the right opposition, says that "were F. Mitterrand to announce today that he was a candidate for a third term, he would be reelected."

Mitterrand realizes, of course, that his presidency has taken shape differently than it was envisaged 10 years ago, on victory day. Responding indirectly to criticism from the forces of the left, primarily communists, he said in a recent interview with the Socialist Party newspaper VENDREDI that, unfortunately, he had not succeeded in reducing the inequality between people, which exists in French society as before. "Fortunately," he said, "the term of my presidency is not yet over."

## Hard Times for German Communist Party

*91UF0768B Moscow PRAVDA in Russian 17 May 91 Second edition p 5*

[Article by PRAVDA Correspondent Ye. Grigoryev, Bonn, under the rubric: "In Fraternal Parties": "The Test of Time—Notes on the 11th DKP Congress"]

[Text] There was not even a modest red banner in front of the entry to Bonn's Bruckenforum where the 11th German Communist Party Congress occurred for three days in May (May 10-12). No, no one was hiding. The DKP is legal as before. It simply does not have enough strength or hands. The entire former staff was dismissed due to a lack of funds. There are only five people left on its staff. Organizational and any other work is only conducted voluntarily and free of charge. The current congress in Bonn was also the result of the selfless efforts of an active nucleus of West German communists, already not talking about the fact that each of the 300 delegates had to contribute a pretty fair sum of their personal assets to support its work.

If you compare it to its predecessor, the Bonn Congress occurred in a calm, businesslike atmosphere without noisy clashes with "renewers." Representatives of the latter have quit the Party and those who have now remained in it are more homogeneous in an ideological and political context (official data was not disseminated, but delegates cited figures of from 8 to 11 thousand people in conversations and in some speeches). This permitted decisions to be made on such issues as approval of an interim Party charter and determination of the primary directions while preparing the new program and orientation of the DKP's specific political activities for 1991-1992 (domestic and foreign policy requirements and the tasks of the struggle for peace and disarmament). A document was adopted on the struggle against unemployment. The report on the rehabilitation of communists who had become victims of Stalinism and unjust repression was approved.

Anna Fronwhiler, Helga Rozenberg, Heinz Shter, and Rolf Primer were once again elected as the four representatives (co-chairmen). The party board has been reduced to 30 people. In so doing, charter quotas have been observed: half women and half men. Thus, visible work was done during the three days of the congress in Bonn. However, the issue of the DKP's survival, which has borne the heaviest political, psychological, and human losses during the last two years, has not been eliminated as Party leaders and members have realistically presented it. The task of activating its political activities and of finding a new image is being sharply raised. Right now these questions are arising on a new plane under the radically altered conditions of a united Germany. All of the country's appropriate political forces had already united prior to the merger of the two German states. But what about the left? Logic prompts them to do the same thing. But obviously this prospect is not realistic in the near future. Insurmountable disagreements, mostly of an ideological nature, are making themselves known. At the same time, they think that the country needs a leftist alternative and that cooperation and unity of action is necessary in that spectrum of political forces.

What is the DKP to do here? Perhaps this has turned out to be one of the central questions in the discussions. On the whole, the congress supported the fundamental line to search for agreement of the leftist forces. It is noteworthy that the forum on the formation of leftist policy and organization in the FRG [Federal Republic of Germany] was a constituent part of the work in the Bruckenforum. Representatives of the DKP, PDS [Party of Democratic Socialism], and a number of other leftist parties participated in it. On the other hand, the question on the expansion of DKP activities to the new federal lands was posed at the congress although, according to the logic of things, it would engender competition with the PDS which has a deputy corps in the Landtags [state assemblies] and in the Bundestag. In some speeches, emphasis was placed not so much on what is common and what may yet be consolidated first of all among those basic leftist political organizations in a united Germany, such as the DKP and the PDS, as much as on ideological delimitation in the latter and on stressing the DKP's role as the main custodian of revolutionary and class purity, and anti-capitalistic and communist principles. The impression is being created that the program orientation at least in part proceeds from this and that "in the face of the current political process as a result of the Anshchlus of the GDR and the collapse of the socialist camp, and also of the threatening offensive of the imperialist order in the world, it is becoming clear how much the workers of Germany need the Communist Party." The PDS was characterized in congress speeches as a friendly and close party but nevertheless as a party of a social-democratic direction.

An open and hidden dispute went on about this in congress discussions. At the same time, some of its participants think that the Party's fate will depend to a significant degree on if it becomes a stimulator to step up political activity and to expand the capabilities of leftist political thought and an alternative in Germany or if it will withdraw into its own circle.

One can understand in a comradely manner how difficult it will be for German communists to survive in a united Germany. Theoretically, they characterize what has occurred as the imperialist absorption of the GDR as the "collapse of real socialism," etc. These assessments have been expressed specifically in the fundamental report on the contemporary political situation. A special section of the report has been devoted to the question on "what lessons must and can be extracted from the collapse of real socialism in Eastern Europe." In the report, the causes are seen not only in historically determined and long existing problems, but also in the political and economic circumstances that have arisen during the recent period. In this regard, it was noted that

the current development in the Soviet Union "can already no longer be explained just as a 'heritage of the past'." In our view, the report states, the causes of this also consist of the fact that the initial concept of "perestroyka" as the renewal of socialism was later overloaded with the contradictoriness of theoretical and practical orientations which in part are rooted in uncritical adaptation to "capitalist prescriptions" and in a class-neutral approach to such issues as "market economy," economic effectiveness," and "global cooperation."

Unquestionably West German communists have a right to critically assess perestroyka in their own way and in any case it is useful for us to know their mind. Incidentally, the report qualifies itself by saying that there can also be other assessments within the ranks of the Party. But as for lessons for the DKP, unfortunately that same report practically only talked about them in passing.

The German Communist Party is naturally not marching in place. It is seeking new forms of work and access to other leftist forces and to the international community.

CPSU Central Committee Politburo Member and Party MGK [Moscow City Committee] First Secretary Yu. Prokofyev's discussion about the shift of emphasis in our Party's activities to political methods and about the situation in the country was met with interest. He had to answer many questions. In part they were caused both by German communists' friendly, sympathetic attitude toward our problems and also by clearly inadequate information on the CPSU's role and views. Both this night and the broad contact of our party delegation with congress participants during the course of all of the days of its work confirmed West German communists' friendship and spiritual openness toward our Party, country, and people.

While assessing the results of the 11th Party Congress, H. Shter expressed the conviction that he had carried out his tasks, having said "No" to the split and the elimination of the Party and having confirmed that the DKP is making its first steps toward emerging from its deep crisis.

There is no political force that does not need an optimistic forecast for the near and distant future. This is the same for the DKP. Life and time, which today are challenging communists with an especially difficult test on realism, trust of the workers' masses, and new approaches to their activities, will verify the rest.

## Neonazi Protest at Chernobyl Children's Camp

*91UF0768C Moscow IZVESTIYA in Russian 17 May 91 Union edition p 6*

[Article by Ye. Bovkun, Bonn, under the rubric: "The Incident that Has Outraged All of Germany": "Who Disturbed the Children Who Are Victims of Chernobyl"]

[Text] Many Germans have still not been able to overcome the state of shock after the events at Zittau that occurred a week ago. I recall that a group of Fascist youth, who are blinded by hatred toward foreigners, with lighted torches and clubs in their hands broke into the building of the youth dormitory where Soviet children who have suffered after Chernobyl have been staying for rest. That was the last night of their stay on the territory of Saxony, one of the FRG's new Eastern lands. They were to return home the next day.

Having created a pogrom and having beat up our fellow countryman who was accompanying the children, the local "republicans" headed by a certain Rene Drushke yelled: "Down with foreigners!" and "Heil Hitler!. Now we have learned that the Chernobyl children's temporary dormitory was not the only target of this unparalleled provocation. The extremists soon repeated their sortie at a building where Jews—settlers from the Soviet Union and also other foreigners who had sought refuge in Germany, had found shelter.

This has never happened before. The animosity toward foreigners that the Neonazis have cultivated in certain strata of the population has not gone that far. Incidentally, a repeat of a similar incident in the FRG's Western lands would be improbable if only because local republicans are attempting to distance themselves from the Neonazi groups. Besides, the police would not permit it.

The guardians of order in Zittau did not hurry to put a stop to the hooligan's activities. Dresden Procurator Jurgen Sher thinks that the Zittau's law enforcement organs "incorrectly assessed the situation." Zittau Municipality Adviser Heinz Eggert expresses it more precisely, talking about the "police's inability" to withstand the right wing's aggressive escapades. No one knows how it would all have ended if Bundeswehr soldiers deployed at a nearby barracks had arrived at the scene of the incident in time.

How could this have occurred and why did the police and procurator take no action for such a long time? Criminal charges have been filed against eight of the participants in the raid only a week later which accuses them of instigating reprisals against representatives of another nationality and of violating the inviolability of a dwelling and inflicting injury.

It is easy to calculate the causes. Ostentatious, poster anti-Fascism existed in the Homeland of "Prussian Socialism," in the former GDR [German Democratic Republic]. No one seriously combated racist ideas or the other spiritual legacy of Nazism: it was thought that these ideas did not exist in the GDR because they should not exist.

The ideological cynicism and social envy, political infantilism and psychological shock that accompanied the shift to a new all-German quality revealed the emptiness in the souls of many young East Germans: they became easy prey for the small in number neo-Brown shirts and the soul hunters from the Western lands who did not

have a chance to really organize in their own area due to society's significantly greater stability to right and left wing extremist ideas.

The events in Zittau have evoked an angry social reaction in all FRG lands. Readers' letters are arriving at the majority of newspaper editorial offices in which people not only condemn the Eastern republicans' shameful act but also express their readiness to help the victims of the Chernobyl tragedy to an even greater degree and to take Soviet children into their homes for a rest. Many savings banks have opened special accounts for those desiring to make donations to the "Children of Chernobyl" Assistance Fund.

### Turkish-Armenian Border Question Discussed

*91UF0853A Moscow NEZAVISIMAYA GAZETA in Russian No 46, 16 Apr 91 p 3*

[Article by Aydyn Mekhtiyev, Armenia: "There Should Not Be Any Territorial Disputes: The Turkish Ambassador's Visit to Armenia"]

[Text] Last Monday Republic of Turkey Ambassador Extraordinary and Plenipotentiary to the USSR Volkan Vural paid a working visit to Yerevan. Both the Turkish and the Armenian sides characterized it as an historical visit. A highly- placed Turkish representative has arrived in Yerevan on a mission from his government for the first time in many long decades.

The Armenian-Turkish armed conflicts that occurred at the beginning of the 20th century created a nearly insurmountable barrier in the relations of these two peoples for a long time. Today this situation suits neither Turkey nor Armenia. Turkey is openly interested in the Republic of Armenia's participation within the framework of the concept for the development of cooperation of the Black Sea countries that has been put forward by President Turgut Ozal. The leadership of Armenia, having taken a course toward the republic's independence, is geographically surrounded by the Islamic countries of Turkey and Iran and would like to have good neighbor relations with them. A detailed conversation occurred between Volkan Vural and Armenian Supreme Soviet Chairman Levon Ter-Petrosyan in Yerevan. Both sides agreed that the tragic events of the past should not impede the establishment of friendly relations today. According to reports from Turkish sources, Volkan Vural conveyed to Levon Ter-Petrosyan the Turkish government's concern with legislative acts previously adopted by Armenia that affect Turkey's sovereignty. "We cannot accept the essence of these claims," Vural stated.

What did the representative of the Turkish government have in mind? The fact is that on December 1, 1989 the old structure Armenian SSR Supreme Soviet adopted a resolution which expressed a sharp condemnation of the Russo-Turkish Treaty concluded between Lenin and Ataturk which was signed in Kars in 1921. In accordance with this treaty, Russia recognized the territory of Turkey populated by Armenians (so-called Western Armenia) as an integral part of the Turkish Republic. But the Nakhichevan Vilayet [Province] obtained a special status within Azerbaijan. One can actually regard the Armenian parliament's resolution as the presentation of territorial claims to Turkey.

However, Levon Ter-Petrosyan assured the Turkish ambassador to the USSR that territorial problems should not exist in the two countries' relations. Thus, the leader of Armenia disavowed a resolution that had been previously adopted by the republic Supreme Soviet.

The reaction of another Transcaucasus republic—Azerbaijan—to a rapprochement between Turkey and Armenia will from all appearances be extremely restrained. This is also understandable. For the last three years relations between Armenia and Azerbaijan have been, putting it mildly, strained. The stream of reciprocal claims has not ceased. Armenia accuses Azerbaijan of a gross violations of the rights of the Armenian population of NKAO [Nagorno-Karabach Autonomous Okrug]. Azerbaijan expresses indignation with the Armenian side's infringement on Azerbaijan's territorial integrity. This is why neighboring Turkey must quite delicately structure its relations with Azerbaijan and Armenia in order not to complicate the already difficult situation in the region. The fact that Vural's visit to Yerevan took place immediately after Turkish President Ozal's visit to the capital of Azerbaijan confirms this approach of Turkish diplomacy.

The Azerbaijanis, who stress their ethnic kinship with the Turks, would like to have "special" relations with Turkey. However, the latter are avoiding a "double standard" in their foreign policy. Turkey has an extensive common boundary with Armenia and her aspiration to develop political and economic relations with the neighboring republic is understandable.

Political commentators' view Volkan Vural's meeting with Levon Ter-Petrosyan as preparation for a summit meeting between Turkey and Armenia.

### Economic Relations With Turkey Viewed

#### Improvement Seen

*91ES0372A Istanbul DUNYA (supplement) in Turkish 28 Dec 90 p 1*

[Excerpt] [Passage omitted] Turkey is perhaps one of the countries with which USSR trade relations are developing most rapidly. Trade and economic relations between the two countries have shown remarkable vitality in the past four years especially. A noticeable increase has taken place in reciprocal visits by businessmen and government officials. The authorities of both sides point out that the concrete steps taken for the Black Sea Economic Region will have an important role in strengthening relations.

Another element playing an important role in the development of Soviet-Turkish economic relations is joint investments. Relations were based on commodity exchange at first, but in recent years weight has increasingly gone to key-delivery investments, joint investments and cooperation in the financing area.

A "joint venture" established in July 1990 by Farkem Foreign Trade, Inc. and the Republic of Latvia under the name Latfar, manufactures acrylic sheet, bathtubs, washbasins and kitchenware.

Sode Group Foreign Trade, Inc. was formed in July 1989 between Degere, Inc, Turkish Is Bank, Sojuzchimexport, and the Soviet Foreign Economic Relations Ministry, and was capitalized at 2 billion Turkish liras.

In January 1989, Bumerang Companies Group and Sovfracht-Moscow formed Transbosporus Maritime Shipping Industry and Trade, Inc. Each side holds equal shares in the joint investment which has 700 million Turkish liras capital.

Raks Electronics Industry and Trade, Inc. and the USSR Chemical Ministry are forming a joint venture near Moscow with U.S.$350 million in investment credit supplied by Turkish Exim Bank in the USSR.

Peteks Foreign Trade, Inc., a subsidiary of Pet Holding, has signed a protocol for nine different joint investment projects in leather, fur and clothing with various Soviet republics, and the first of these is Pet-Azer in Azerbaijan. Peteks Foreign Trade, Inc. is also in the process of studies for joint investments and facility investments for the production, processing and export of marine products. Also, joint venture protocols have been signed for the establishment of foreign currency stores in four separate Soviet republics to market Turkish export products only.

Souras Chemical Raw Products and Manufactures Import Export Foreign Trade, Inc., a commercial Soviet-Turkish joint venture, was formed in November 1989 by Uransnaf Foreign Trade, Inc., Tekfen Holding, Gencer Holding, Agrochim—the USSR Agrochemical Association, a USSR foreign trade establishment—Sojuzagrochimexport, and Vostokintorg. Souras's major area of activity includes manufactures, chemicals and raw materials in connection with mineral fertilizer and commercial matters such as export, import, reexport, representation, and transportation of consumer goods.

Soviet Airways, Aeroflot, Sen Holding, Net Holding, Kamera Advertising and Deba, Inc., formed Greenair Airlines, Inc., ventures dealing with air transport. The initial seven aircraft are expected to rise to 20 on 1 April 1991.

Intourist, the Soviet Union's tourist agency, and Bumerang Holding formed Intourist Istanbul. The two partners have equal shares in the company, capitalized at 1 billion Turkish liras. They will arrange tours between the USSR and Turkey.

## Prospects for Year 2000

*91ES0372B Istanbul DUNYA (supplement) in Turkish 28 Dec 90 p 1*

[Article by USSR Ambassador A. Chernishev: "USSR-Turkish Trade Volume Will Reach $12 Billion in 2000"]

[Text] The volume of shipping between Turkey and the USSR in 1990 has reached $1.5 million [as published]. Development in the shipping sector, in which daily necessities such as drugs and beverages hold a significant place, will increase further in the years ahead.

Economic relations between the Soviet Union and Turkey have included many areas from trade to the various sectors of industry in recent years. For example, the Arhaneli electric powerplant and the chemical plant still under construction at Bandirma are among the concrete examples of these relations.

Bilateral agreements between the two countries recently are concentrated in the areas of modernization, expansion and steel production. The aluminum mills at Seydisehir, coal production facilities in the Zonguldak region, initiatives for the Istanbul subway, and the steps taken for electrification of the railroads, are the most important of these.

In exchange for these Soviet initiatives in Turkey, Turkey is building restaurants, health facilities, meat plants, and food production facilities in the Soviet Union. Two maternity hospitals and a milk plant on which construction has begun in Moscow may be considered as concrete examples of these activities.

Important developments have also been noted in the financing area for the past two years between Turkey and the USSR. The steps taken to facilitate customs passage between the two countries have been accelerated. New formulas are being sought mutually to make fisheries more productive. These developments provide new opportunities to Turkish and USSR businessmen.

The Black Sea Economic Cooperation Agreement to be established on Ozal's initiative will be helpful to significant development of imports and exports between the two countries. Leading statesmen of both countries have important duties to perform in the further development of these relations.

The trade volume between the Soviet Union and Turkey, currently $1.5 billion, is expected to rise to $3-4 billion next year and to $10-12 billion by the year 2000.

All of this will not only bring with it economic development between the two countries but will also bring the two peoples closer together and allow them to become better acquainted.

## Types of Agreements

*91ES0372C Istanbul DUNYA (supplement) in Turkish 28 Dec 90 p 2*

[Article by Yilmaz Cakir: "Turkey in USSR Market"]

[Text] USSR-Turkish trade relations were conducted [words omitted] 1937 until the end of 1982 according to the "clearing" principle, bearing in mind the balance factor. With the protocol signed on 20 May 1982, trade between the two countries began to be conducted according to the "free foreign exchange" principle.

Changes experienced economically and socially in the USSR in recent years have impacted on trade with Turkey also, and bilateral relations gained new dimensions in particular with the Natural Gas Agreement and the $950 million in "Consumption, Investment and Contracting Credits" issued by the Turkish Exim Bank.

There are three categories of Turkish-Soviet trade relations:

a) Normal trade conducted under the "Long Term Framework Agreement" and the "1986-1990 Fiscal Exchange Agreement"

Under these agreements, relations are arranged with annual trade protocols, and lists are announced by the KEK (Joint Economic Commission) showing what goods may be subject to foreign trade. Goods on this list are processed with free foreign exchange under the 25 May 1982 agreement. These agreements, covering a $6-billion trade volume between the Soviet Union and Turkey from 1986 to 1990, allowed economic and political relations between the two countries to gain depth. The "Commodity Exchange Agreement" is up for five-year renewal soon.

b) Trade conducted by means of repayment in kind of credits opened for industrial projects in Turkey with USSR contribution

Under the agreement signed between the two countries on 25 March 1967, a "special account" was opened at the Turkish Central Bank. The list of goods for export to the Soviet market within the framework of this agreement is drawn up by the KEK each year. Turkish exporters draw the cost of the goods they sell to the Soviets from the "special account," and the Turkish government pays their loans and interest.

c) Trade conducted within the framework of the Natural Gas Agreement

Under this agreement signed in Ankara on 16 December 1984, beginning in 1987 and for a period of 25, Turkey will import a specific amount of natural gas each year and pays for it in free foreign exchange. In return, the USSR will use 70 percent of the foreign exchange received in payment for the export of natural gas to purchase goods from Turkey. Of the 70 percent used to purchase goods, 35 percent is allocated to pay for construction projects being carried out in the USSR by Turkish contractors. The goods to be exported in exchange for natural gas are decided upon each year on the basis of the outlay for the gas to be imported during the year and current gas prices.

Turkey imported 4 billion cubic meters of gas from the USSR in 1990. This amount will continue to increase each year. In 1991, 6.5 billion cubic meters will be imported. Turkey paid $316 million to the Soviet Union in 1990 in exchange for the 4 billion cubic meters of gas it imported. The Soviets used $135 million of this amount to purchase consumer goods from Turkey, $95 million to repay credits received from Turkish Exim Bank and $86 million to meet payments due for contractual services.

The Turkish-Soviet trade volume tripled in the past three years to reach $1.5 billion. It is expected to rise to $5 billion within two years and to $20 billion as the 2000's approach. The current period in Turkish-Soviet relations is being described as "spring" and the "golden age."

There are three factors in the new dimensions that Turkish-Soviet relations have gained and in their development to the point of spurring Scandinavian and West European jealousy. They are:

The natural reflection on neighboring Turkey of the economic reforms that the Soviet Union put in place in implementing the policies of "glasnost" and "perestroyka."—"Turkey's policy since 1983 of opening to the outside and increasing its trade with its neighbors."—Soviet Ambassador Albert Chernishev in Ankara is very close to Gorbachev, and Turkish Ambassador Volkan Vural in Moscow is very close to Ozal.

Chernishev and Vural have elicited a perfect example of cooperation, bringing dimensions and aspects to Turkish-Soviet economic relations that could not even be dreamed about a few years ago. With economic and commercial relations on a sound foundation, it will not be hard now to add technology, joint investments, a second gas pipeline, tourism, the Black Sea Economic Cooperation Region, engineering services, border trade, and greater depth to scientific efforts and environmental protection.

Mr. Chernishev often mentions that the rapid development between the two countries has spawned an "information gap" and speaks of the need for various projects to eliminate it.

Turkey's part is to "become as well acquainted as possible as soon as possible" with the Soviet market and to do this in a consistent and orderly fashion.

The first serious project along these lines resulted in the partnership formed between Construction Industry Center [YEM] and Ara Research Ltd. These two companies prepared a comprehensive book in Russian, *Turkey*

*in the Soviet Market*, intended to acquaint the Soviet market with the Turkish economy sectors and major businesses. Businesses included in the book are successful Turkish firms that are influential in the economy, nearly all of them private firms.

This book had a first printing of 8,000 copies which will be distributed to industry, banking, contracting, importation and tourism establishments and Soviet public decision makers in January and February 1991. It will be revised and expanded by YEM and Ara Ltd. in 1992. Soviet administrators say that this book is a very important step towards closing the information gap between the two countries.

YEM and Ara also prepared a book, *USSR National Profile*, to inform Turkish businesses about the structure of the Soviet economy and industry. It was printed in November and distributed early in December 1990. This profile is a work that will also be useful in closing the information gap between the two countries.

## Ethnic Tensions, Border Disputes Surveyed

*91UF0809A Moscow KOMSOMOLSKAYA PRAVDA in Russian 23 May 91 p 3*

[Article by Doctor of Historical Sciences A. Yazkova: "Eastern Europe: A New Style Map"]

[Text] A popular "Radio Yunost" [Radio Young People] youth program recently reported a curious fact to its listeners: a distinctive poll-referendum was conducted among Western Europe youth: "Would you like Europe to have no borders?" The question was entirely understandable on the threshold of 1992 when the creation of a single economic domain will be completed on the Western portion of the continent. The current political borders, which already today have become purely symbolic, will finally cease to play their traditional role under the new conditions. Thus, Western Europe will take a decisive step on the path toward unity.

But what about Eastern Europe—also including the Soviet Union in this broad geopolitical concept?

The question is difficult for everyone. And today it is becoming increasingly obvious that we will hardly manage to "take up residence" in the common European home by the end of this century. Too many problems and contradictions have accumulated in our Eastern European section. And perhaps some of the most acute are the problems of multinational statehood and interethnic disputes and conflicts.

The difference in economic conditions is also forcing us to maintain and even strengthen the borders and customs barriers in the east of Europe. For the time being, the West Europeans also do not want to hear about "European unity" with the former socialist countries—an example that has been too instructive for them is the unification of Germany—an event that is turning out to be much more complex and expensive than had previously been assumed.

But the Germans are nevertheless Germans—both in the West and in the East and the integration in Europe of the lands of the former GDR [German Democratic Republic]—is, as they say, their internal family problem. But how will it be with those East European nations and peoples who historically not only do not compose a kinship but also cannot get along with each other?

The collapse of the totalitarian regimes in Eastern Europe has only exposed the true picture of interethnic contradictions which in a number of cases had acquired not only abnormal but also socially dangerous forms. Reports are coming in from various countries and regions about acts of vandalism, violence, and murders on the grounds of national enmity. In peacetime, tens of thousands of Transylvanian Hungarians have been forced to leave their native lands. The purposeful oppression of the Serbs from the Kosovo autonomous region has been going on for a number of years which ultimately was a retaliatory reaction for infringement upon the rights of the Albanian population. As we all know, action engenders reaction and it is difficult at times to determine where the cause and where the effect are.

The problem of the multi-thousand Islamic (Turkish) population of Bulgaria acquired particular acuity. In the middle 1980's while conducting the "renewal campaign" at Zhivkov's initiative, Bulgaria even deprived them of their own names and they received new documents in which their new Slavic (Bulgarian) names were inscribed. This act which is comparable to forcible assimilation had to cause a protest by the Turkish population, entailed its massive exodus to Turkey, and inflicted serious damage to Bulgarian-Turkish relations.

Today the current Bulgarian leadership's attempts to restore historical justice with regard to the Turks has encountered the serious resistance of Bulgarians, especially those in the southern part of the country. The slogans "Bulgaria for Bulgarians" and "Stop the Turkification of Bulgaria" that have appeared in Razgradskiy Oblast and in the community of Krydzhala demonstrate how dangerous the consequences of consciously inciting nationalism can become.

Interethnic disputes are also not subsiding in Central Europe. Hungary is currently developing a new military-political doctrine—the so-called strategy of "circular defense"—in accordance with which the Hungarian Army is dispersed along the perimeter of Hungary's borders in order to be prepared to repel attacks "from any side" and primarily from its own neighbors and allies from the disintegrating Warsaw Pact.

Hungary itself is also not to be outdone. Hungarian Prime Minister J. Antall stated in a speech that, being the prime minister of the ten million Hungarians in his country, "in his soul and in his feelings, he remains premier of the 15 million Hungarians, the greater part of whom live within the countries that border Hungary."

Unfortunately, Hungary's relations with its neighbors are not settling the dangerously explosive potential of interethnic conflicts in the North of Europe. Maps are being distributed within Romanian opposition circles which include Moldova and certain areas of Ukraine, Yugoslavia, Bulgaria, and what is more Hungary within the country's borders. Slovakia, according to reports we have received, is worried about Western Ukrainian nationalist forces' claims on its eastern areas. "Retaliatory" claims which are taking the form of open demands for the annexation of Carpathian Rus (Transcarpathia) to the Czechoslovak lands are being formulated in Slovakia itself, a multinational oblast which by the way is also populated by Hungarians.

What would it be like if all of this hot material was set into motion? The "chain reaction" that would emerge as a result, if it was not stopped in time, could not only change the political contours of Eastern Europe but could also return Europe to the times of "small predatory wars" and become the prologue of broader European conflict.

Right now much is being said and written about the future of our multinational state. Czechoslovakia and Yugoslavia are similar to it in administrative- territorial system and are also are periodically on the verge of disintegration.

During the Spring of 1991, the conflict among the Yugoslav republics perhaps for the first time during the postwar years has brought the country toward a civil war and toward the breakup of the federation. Slovenia which is more greatly developed in an economic sense and behind it Horvatia have conducted a struggle for independence in the hope of being rapidly integrated into the European Economy domain

However, Western Europe did not approve these separatist moves. At the meeting of EEC country leaders which occurred on April 8 in Luxembourg, the EEC announced that Yugoslavia will not receive the status of EEC associate member or financial aid if "its territorial integrity is violated or if the borders in Europe are changed."

Instability has also recently become characteristic for Czechoslovakia—the country with the most solid potential for democracy. Appeals for a general strike and the creation of an independent Slovak state under the slogan "Prague, We Have Had Enough" and revival of the issue on the fate of the three million Sudeten Germans resettled from Czechoslovakia to Germany in accordance with the Potsdam Conference—all of this is rousing public opinion within the country

Both in the East and in the West, many people fear that all of this may promote the "Balkanization" of Eastern Europe. Prospects of mass migrations from the East to the West of Europe, especially in the event of an even greater deepening of the crisis in the Soviet Union, cause particular alarm in this regard. All of this is compelling the Western Europeans to maintain and even strengthen border and customs posts and other barriers between Eastern and Western Europe

Naturally, contradictions and conflicts on national grounds have and are making themselves known in Western Europe. In this regard, it is sufficient to recall the problem of Ulster as an inextinguishable hotbed of interethnic and religious contradictions in the British Isles or the periodically worsening conflict between the Greek and Turkish communities on Cyprus

West European politicians are nevertheless persistently seeking ways to reconcile interethnic conflicts. And in a number of cases they are managing to do this. Maybe because they previously came to the realization that the global self-destruction of peoples could become an alternative assertion to good relations between nations and states in the not too distant future

We think that Western Europe is nevertheless advancing toward unity, although also not without difficulty and trouble, precisely by persistently overcoming the "image of the enemy."

But what about Eastern Europe and the Soviet Union? Along what paths will they enter Europe and how will they overcome their interethnic strife and conflicts? Will their current crisis not undermine European stability—really it ultimately is impossible without the Soviet Union—in any of its variations—or under conditions of its isolation. And will we not return to the prewar times with their notorious "Cordon Sanitaire" in our relations with Eastern Europe?

The totalitarian past still holds sway over us. In the background of previous crimes and injustices, a desire may arise among some people in Eastern Europe to "give their due" to their neighbors and especially to the Soviet Union for its imperial policy. And here the "image of the enemy" is already distinctly appearing on the brow of neighboring peoples. Soviet people are receiving the label of "occupiers," monuments are being torn down—the memorials of the general anti- Fascist struggle, and even at best borders are being closed and at worst blood is being shed in torrents.

How do we find ways to reconcile Serbs and Albanians, Turks and Bulgarians, Romanians and Hungarians, Russians and Poles, and Poles and Lithuanians who are at odds with each other? Without this, we will not avoid new victims and our borders will not become "permeable" and all the more so European for a long time

The European experience confirms that the "images of the enemy" are losing their luster for sound reasons if young people who are not burdened by ancient biases are involved in the process of reconciliation. The free association of young people—this is the guarantee of trusting relations of peoples and nations in the future. Therefore, the initiative set forth recently by the leaders of Poland, Hungary, and Czechoslovakia on opening a Central European University in Prague appears to be extremely productive and promising.

Supported by the J. Soros Foundation (United States), this idea is already being embodied and it is very important that among the university's important tasks are—the education of a new Central European elite and the achievement of a new level of mutual understanding among the nations in the region. Soviet students who have been selected on a competitiveness basis will also be among the university's first students

More than one and a half centuries ago, Pushkin and Mitskevich dreamed about the time when "peoples, having forgotten strife, will unite into a single family." That time has not yet come for us and we all have a lot to do if we really want the borders to become permeable and passable at least in the future in our part of Europe and later for them to disappear altogether

## Charges of KGB Involvement in East European 'Revolutions' Reviewed

*91UF0726A Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 Apr 91 p 5*

[Report from KOMSOMOLSKAYA PRAVDA staff correspondent Ye. Chernykh: "We Send the Best We Have for Export: Once More on the Role of Special Services in the 'Soft' Revolutions in Eastern Europe"]

[Text] Prague—"That summer we vacationed in Pitsunda. On the end side is W. Ulbricht's dacha. In the middle, Khrushchev's. Our family, together with President Novotny's family, occupied another one. Nikita Sergeyevich invited me several times to swim. One day, as we were swimming, he asked: 'Should we, perhaps, limit the number of advisers? Is six enough?' 'I think it is enough, Nikita Sergeyevich.' Soon there were only six advisers left in Prague. They were engaged in intelligence and counterintelligence. Whatever we were receiving through our channels, we passed over to our Soviet comrades. The cooperation was very close."

My interlocutor, Rudolf Barak, knows quite a few secrets. In the 1950's, he was minister of internal affairs of Czechoslovakia.

A "roundtable" was held recently in the House of Soviet Science and Culture in Prague; the topic was the relationship between the USSR and CSFR. One of the arguments that flared up there was whether Eastern Europe, and in particular Czechoslovakia, had an alternative to "Stalin's socialism" after the Word War II. One of Prague's historians maintained that there was. He referred to Yugoslavia, which at that time quarreled with Moscow.

It is easy to judge with hindsight now. But the whole point is that Stalin, whom it is now fashionable to depict as a narrow-minded and not terribly bright man, had foreseen such an option. And he took appropriate steps. The most important role in this was probably played by the advisers R. Barak was talking about.

Taking into account the realities of the "cold war," the economically-strong Czechoslovakia was strategically very important to Stalin. But it remained the weakest link in the socialist chain. President K. Gottwald even had to declare that Czechoslovakia would never become another Yugoslavia. He is also the author of this famous phrase: "With the Soviet Union—together forever!"

Stalin did not particularly trust this communist president. To keep the "heart of Europe" tighter in his hands, he decided to take control of the forces that in February 1948 had helped Gottwald to take power without any bloodshed—the Ministry of Internal Affairs and the state security.

As early as the summer of 1948, attempts were made to influence leading Czechoslovak politicians so that they would invite chekist advisers from Moscow. At that time, advisers on economic, defense, and state security matters were helping local comrades in the countries of Eastern Europe to "build socialism." General Secretary of the Communist Party of Czechoslovakia R. Slansky refused.

In the fall of 1949, new attempts were made. At that time, in Hungary, the trial of L. Rajk—the minister of internal affairs and later of foreign affairs, and now the "enemy of socialism"—was underway. Warsaw and Budapest were openly hinting that a global antisocialist plot was being developed in Prague, and the local organs would not be able to handle it. Therefore, they said, help from Moscow chekists was needed.

On 16 September, K. Gottwald and R. Slansky sent a coded cable to G. Malenkov. "In connection with the unmasking of a subversive band in Hungary, its links with Czechoslovakia were revealed. We ask the VKP(B) [All-Union Communist (Bolshevik) Party] Central Committee to send several specialists—if possible, those who are already familiar with the results of the court investigation in Hungary—who could help us to conduct an investigation in this matter." On 23 September, Moscow gave a "go-ahead." Experts Likhachev and Makarov, who had prepared the trial in Hungary, arrived in Prague. The country leadership had hoped that the business would be limited to "unmasking the plot," and then the guests would leave. The visitors, however, started with getting the organs themselves in order.

The guests also organized several trials with death sentences. They did not succeed, however, in finding "the center of the international plot."

In 1950, there were already 27 of our chekists working at the Czechoslovak Ministry for State Security. When the general secretary of the Communist Party of Czechoslovakia was arrested, three more arrived especially for the occasion. By that time, "enemies" in high echelons had already been uncovered in Albania, Hungary, Romania, and Poland. Some were sentenced to death. The purge of the socialist camp had generally been completed; the danger of "Titoism" had passed. Now the threat of Zionism became a priority. Thus, the reorientation in the course of "investigation."

The former general secretary and 10 more prominent party and state figures in Czechoslovakia were sentenced to the gallows. Three were sentenced to life imprisonment. Of these, 11 were Jews.

It is easy to become emotional in an article on such a sensitive topic. Therefore, it would be better to turn to an official document—the materials of the so-called "Piller Commission" of the Communist Party of Czechoslovakia, whose task, in 1968, was to review the political trials of the 1950's and to exonerate the condemned.

"Practically from the very beginning, the advisers possessed extraordinary mandates. At the same time, they were not under the control of the Czechoslovak organs and answered only to the Soviet Ministry for State

Security, headed by Beriya, for their actions. They regularly informed the USSR political organs on the status and the direction of investigations in the Czechoslovak Socialist Republic; on the personalities that could be suspected of political deviations or hostile activities. Especially on the leading party and state figures, and members of political, military, economic, and diplomatic apparatus and of the state security..." The advisers' authority was immense. Their directives, proposals, and decisions were equivalent to an order. Many functionaries considered it natural, and even necessary, to provide information to both the advisers and to their own superiors. Or to the adviser first. Some reported only to the adviser. The minister, too, took their proposals and recommendations as given, and ensured that they were carried out.

An even more privileged status was bestowed on about 10 advisers who arrived in the spring of 1950 to reinforce and to shape Czechoslovak intelligence. Their leader Filippov constantly met with Gottwald, although the head of intelligence himself never met with the president.

Rudolf Barak took charge of the Ministry of Internal Affairs in the fall of 1953—after the death of Stalin and Gottwald. His department also included state security, which previously was a separate ministry. By then, there were over 100 advisers here.

"I was not there during the era of the Slansky trial," says Barak. "I worked with generals Beschasnyy, Medvedev, and Poshekhonov. They did their job well. We consulted them on everything. As to physical violence during interrogations, it was not the KGB personnel that brought it to us. The source of these sadistic methods were the people who returned from the Nazi concentration camps and ended up in the Communist Party of Czechoslovakia and the state security apparatus."

Last fall the newspaper STUDENTSKY LISTY published a detailed structure of the Ministry of Internal Affairs as of 17 November 1989, and its connection to the KGB. Also, 15 names of Soviet officers officially working in the departments of intelligence and counterintelligence. Soon after the "soft" revolution they left the ministry building. It was not, however, the last mystery brought out into the open in the press here.

There was quite a lot of talk about the KGB then. Starting with the item that our colonel had, ostensibly, been seen in the staff quarters charged with dispersing the student demonstration (which, as is known, provided the impetus for later events). Up to this version: All events had been planned in Moscow with the purpose of replacing the Jakes regime with one that would be more progressive and closer to Gorbachev. Subsequently, however, events got out of control. The British played out this version in the documentary "Czech-Mate." Former political prisoner M. Dolejsi went further than anybody else. In an extensive article, reprinted by a number of newspapers, he argued that the "velvet" revolution was—according to him—the doing of the KGB, the CIA, the Mossad, and the Freemasons. It was also said that part of the Czechoslovak State Security archives ended up in Moscow.

USSR Ministry of Foreign Affairs representative V. Churkin made a statement the end of last year, in which he maintained that no Soviet organizations participated in the 17 November events in Prague. The USSR categorically denies all accusations of forcible "export" of perestroyka into any country.

Here is, however, an opinion of a man who is not an outsider to our organs. It is unlikely that the KGB has copies of secret papers from Prague, former general O. Kalugin said last year in his interview to the magazine MLADY SVET. We have a lot of problems of our own. He was just as negative about the version of Moscow's role in the "velvet" revolution. One should not think, he stated, that the KGB is all-embracing, omnipotent, and omniscient. We were dealing with a natural process inside our society.

The main sensation came in December. The press published an almost complete text of the secret agreement between the KGB and the Ministry of Internal Affairs, signed for the duration of five years. The number of liaison representatives from each side should not exceed six. The same paper from the time of Shelepin and Barak, sanctioned by Khrushchev? Not at all—underneath are facsimile signatures of V. Kryuchkov and R. Sacher, dated 26 February 1990, that is, during V. Havel's visit to Moscow. Questions immediately came up: Did he himself know about this document? His press secretary, M. Zantovsky, told journalists that the agreement was indeed signed in the course of the visit, but the president himself was not present.

Is it possible to assume that V. Havel had not familiarized himself with such an important document? Both as the head of state and as a former dissident who had suffered because of the organs? After all, there must have been a reason why he took Minister R. Sacher, of all people, with him on this visit? I think that he probably did not want to cut all the ropes at once. It is hard to tell how Moscow would have reacted to this. At that moment, the important point was to come to an agreement with Gorbachev on the withdrawal of Soviet troops from the Czechoslovak territory, even if this was at the price of an agreement with Kryuchkov's department, which is quite unpopular among the democrats here. The KGB could wait; this issue was not as acute as the one with the troops. It was clear anyway whose turn was next, after the soldiers.

And the publication of the secret text, Western style, was not an accidental leak of information. In March, it was reported that the CSFR Government unilaterally terminated the agreement between the KGB and the Ministry of Internal Affairs. Soviet representatives in Prague and Bratislava already had returned home. Meanwhile, the

necessary cooperation with the Soviet Union in combating terrorism and drugs would be conducted on the principles that are traditional for neighboring countries.

Today, however, a different kind of talk is heard in Czechoslovakia. In the parliament, 10 deputies connected with former communist state security close to the KGB were recently publicly identified. Then R. Sacher remembered that it would not hurt to take a closer look at those deputies who had cooperated and continued to cooperate with foreign intelligence (such a proposal had been put forward before, but not adopted).

On 14 March, a several-thousand-strong rally greeted V. Havel in Bratislava with considerable hostility. There were insulting shouts, including antisemitic ones. The Minister of Internal Affairs of Slovakia L. Pittner said in his interview to the weekly RESPECT that the possibility of other countries being behind this could not be dismissed.

The minister's word did not go unnoticed in the mass media. The press secretary of the Federal Ministry of Internal Affairs stated that all operational data on the activities of Western special services in Czechoslovakia go back to the previous year, and they are not supported by concrete evidence. The agents' network had not been in use since December. As to the minister of internal affairs himself, he has a gentleman's agreement with many Western special services that they and the Czechoslovak organs would not work against each other.

## U.S., Polish Press Reports on KGB Actions in Poland Condemned

*91UF0692A Moscow SOVETSKAYA ROSSIYA in Russian 23 Apr 91 First Edition p 3*

[Article by N. Dmitriyev: "Secret Instructions' and Moscow Intrigues'"]

[Text] Soviet-Polish relations are experiencing a difficult time. Much is now being reconsidered and reinterpreted for the sole purpose of making them truly mutually profitable and good-neighborly. And all this requires great tact, forbearance, and good sense.

But unfortunately not everyone either in Poland or outside wishes to be guided by these seemingly simple concepts common to all mankind. Such a prospect clearly goes against the grain with some people. Igniting the bonfire of animosity—such is the task which certain champions of "purity" in relations are attempting to accomplish with enviable persistence.

And the Warsaw newspaper KURIER POLSKI has found a place among them. In the April (46th) issue it carried as a sensational "secret instructions" allegedly sent in 1947 to the Soviet Embassy in Warsaw. With the aid of these "instructions" "a foreign hand and its vassals attempted to snuff out all that they could, primarily in the mentality of the Polish people."

When one reflects on who benefits from this lie, one involuntarily notes the striking synchronism in the actions of the internal and external enemies of good-neighborliness between Poland and the USSR. One does not have to go far for examples. Here we have but one in this series. The not-unknown R. Evans and R. Novak expose "Moscow intrigues" yet again in THE WASHINGTON POST of 17 April of this year. Be vigilant, they cry, the Kremlin has not reconciled itself to the loss of Eastern Europe and is endeavoring with might and main to restore its influence there. Take a look at Poland: Moscow is doing everything to intensify the crisis of Polish society, bring about clashes among Poles, and create additional difficulties for the country's new leadership. The press, not the Polish Government, was notified first and foremost, allegedly, of even the withdrawal from Poland of the first contingent of Soviet forces.

A striking similarity of thinking! Although KURIER is speaking about the postwar years, and THE WASHINGTON POST about the present day. The synchronism in the actions is obvious; the thrust, even more so.

But there are people with common sense in Poland. And I believe that they are the majority. This is how POLITYKA, a most influential and authoritative Polish paper, commented on KURIER's inventions in its edition for 20 April. An article written by M. Turski, head of its historical department, observes that the said "document" which KURIER POLSKI presents as a sensation had been published repeatedly in the Polish press over the past 10 years. But "no historian who has studied the archives of Beirut (Polish prime minister in the first postwar years, and according to KURIER, that same "vassal") has ever mentioned that such material was really ever in these archives." In addition, POLITYKA emphasizes in conclusion, "not one serious expert in the history of Poland has in the period since 1947 referred to this document inasmuch as Polish historians regard it as a clear forgery."

On 19 April leading Polish newspapers published refutations by official spokesmen for the Polish president, the government of the republic, and the Interior Ministry in connection with the WASHINGTON POST article.

As the president's press spokesman told the government newspaper RZECZPOSPOLITA, L. Walesa conferred on this issue on 18 April with P. Kolodziejczyk, minister of national defense, and L. Kaczynski, minister of state for defense and security. Commenting on the results of this meeting, the president's spokesman stated that "Walesa does not know of a single fact which would confirm the said press report. The president is bent upon combating any manifestations of outside interference in the affairs of the Polish state."

Commenting in an interview with GAZETA WYBORCZA on the American paper's report to the effect that the KGB was "blackmailing its former agents, attempting to get them to cooperate," Zarembski, the

government press spokesman, declared that he had "heard nothing about this." For their part, Paluszynski, head of the Foreign Ministry Press Department, and Irena Popoff, press attache of the Interior Ministry's Office of State Protection (UOP), told journalists that information available to the Interior Ministry and the UOP does not bear out the claims expressed in the article by Evans and Novak concerning the alleged stimulation of KGB activity in Poland. According to them, "the Polish special organs are unaware of instances of former KGB agents requesting of the authorities protection against the blackmail of this department."

## Religious Hostilities With Ukrainians Resurface

*91EP0465Z Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Apr 91 p 4*

[Article by Stefan Dietrich: "Old Enmities Break Out Along Polish-Ukrainian Border: Hard Feelings Among Coreligionists"]

[Text] Przemysl—The readmission of the Greek-Catholic Church in the Ukraine of 1 December 1989 marked the end of 43 years of blood-stained persecution. In Poland, the Catholic Church had protected the dispersed priests and faithful of the Greek rite, but the Roman Curia was able only this year to appoint a Greek-Catholic bishop of Przemysl. Unfortunately the circumstances accompanying Bishop Jan Martyniak's induction on Saturday last offered a painful reminder of the fact that the Uniates (the popular name for Greek-Catholics) cannot simply resume at the point where their religious life was violently disrupted after World War II. The Pope as well as the Polish episcopate wished for Martyniak to enter the Carmelite Church in Przemysl, from where his last predecessor had been kidnapped in 1946. This was to be a temporary arrangement until the completion of a new Greek-Catholic cathedral in five years' time.

Benigius Wanat, Provincial of the Carmelite Order, had acceded to the Pope's wishes in mid-February last. However, all of Rome's authority, including that of the local bishop, was not enough to dissuade the residents of Przemysl from their resistance to the project. The solemn induction, attended by primate Glemp, Apostolic Legate Kowalczyk and high foreign dignitaries, had to be shifted to the neighboring cathedral of Roman Catholic Bishop Tokarczuk. For the time being, the new diocesan head will continue to reside in 500-km distant Legnica.

In the circumnstances it is now questionable whether, on his next pilgrimage home in early June, John Paul II will be able to meet with the Uniates in Przemysl's Carmelite Church as planned. The roughly 25 members of the "Social Committee for the Defense of the Carmelite Church" have organized resistance for several months. The committee is largely identical with the regional management of the Solidarnosc Union and quite aware that it has the support of the large majority of city residents. Sometimes the group, complete with banners, pickets the seat of combative Bishop Tokarczuk, sometimes it marches in the streets, threatens collective hunger strikes and, after Easter, actually barricaded itself in the disputed Carmelite Church of St Teresa. For days on end, the inscription above the church door read: "Ukrainians—Hands off This Church" and "We Will not Yield the Polish Church." The protest committee, considering themselves true Catholics, confronted the local bishop with a banner inscribed: "The bishops are not the Church—the faithful are the Church. We call on the Church hierarchy to rescind the illegal decision."

### The Lvov Synod

The baroque Church of St Teresa was owned by the Discalced Carmelites for 153 years. In 1784, in the course of Emperor Joseph's reforms, the Austrian partitioning power took it away from the order and handed it to the Uniates, together with the adjoining monastic establishment. The Uniates used it as the seat of the bishopric for the following 164 years, and thus it would have remained, had not the Communists withdrawn recognition from the Ukrainian Catholics who had remained loyal to the Pope. This happened at the Lvov Synod, organized by the Soviet secret service, and which decided in 1946 for the return of the Greek-Catholic Church to the bosom of the Moscow Patriarchate. The NKVD had removed the bishops before the synod. These prelates included Przemysl Bishop Josafat Kocylowski and his Suffragan Grzegorz Lakota whom the Polish secret service delivered to their Soviet executioners. At the time about 160 churches of the Greek Catholic diocese of Przemysl became the property of the Roman-Catholic Church.

The Carmelites who had been driven from Lvov, reclaimed the Church of St Theresa. In different circumstances, the order's return to its former premises could have been considered an act of historic justice. As it was, a new injustice was added to the old one of the convent's confiscation by the Austrian partitioning power. The Ukrainian Catholics have been members of the Roman-Catholic Church for almost 400 years and, after splitting off from the Orthodox Church, actually preserved nothing more than the liturgy and a few canonical particularities of former times. The Ukraine's submission to Rome was the consequence of power political considerations. The psychological barriers between the Greek Catholic Ukrainians and the Roman Catholic Poles have never been breached. Mutual enmities penetrated the collective consciousness more profoundly than did religious ties. The Poles remember the terrorist acts which Ukrainian nationalists committed against the Polish population. The Ukrainians accuse the Poles of centuries of oppression and polonization. The last chapter in this sorry history was written in 1947, when the Ukrainians were compelled to abandon the former Ukrainian areas left with Poland. Since then the Senate of the Polish Republic alone managed to condemn this action

**Polish Reason of State**

The violent reaction of Polish Catholics to the temporary loan of a church to their Ukrainian coreligionists has stirred up old hostilities once again. Zolkiewicz, chairman of the protest committee, affirms that his groups has nothing against the Ukrainians or their faith. Their protest is solely directed against the bishops' having arrived at their decision without consulting their flock. Yet, the arguments raised against this decision do speak a different language. Mentioned there is the Polish reason of state, the defense of the Polish Church and the Ukrainian peril. The Ukrainians, it is said, never give up something they have once possessed. Already they are buying land all around. Nobody, though, can provide any accurate figures.

Ukrainians in Przemysl confirm that their compatriots, forcibly removed in 1947 to East Prussia, Pomerania and Silesia, have begun to return to their former homeland in southeastern Poland. The Ukrainian minority now accounts for less than 5 percent of Przemysl residents, and evidently does not at this time represent a threat to the Polish element.

On the other hand a threat does indeed loom beyond the border. Since the Ukraine is itself on the road to independence, it seems that the Ukrainians there tend to compensate for their continuing dependence on Moscow with a particularly belligerent attitude toward Poland. Visas were refused at the last moment for a delegation of 12 Polish bishops who intended to travel to Lvov at Easter to celebrate with Lvov Archbishop Lubacziwskyi upon his return from exile in Rome. A week later, the city council pressured Bishop Jaworski, the new Roman Catholic archbishop of Lvov, to cancel his induction. The chairman of the regional administration protested Jaworski's appointment, arguing that the time was not yet ripe for a citizen of the Polish Republic to officiate as archbishop of Lvov. He added, in passing, that people in the western Ukraine are attentively observing the dispute about the Carmelite church in Przemysl.

Though 60 churches in the Ukraine have already been returned to resident Polish Catholics, none has been allocated to them in Lvov, the provincial capital, where 25,000 Poles are resident. After some Orthodox Ukrainians broke with the Moscow Patriarchate last June and thereby moved toward the Greek Catholic Church, a movement away from Rome has been discernible among the Uniates—something that might also be interpreted as a movement away from Poland. The newspaper RZECZPOSPOLITA reported efforts to establish an indigent patriarchate in the Greek Catholic Church.

The Poles are alarmed by the fact that some people in the Ukrainian independence movement question the existing border with Poland. By comparison with the growing emotional upset in the Polish-Ukrainian border area, the situation of the Germans in Upper Silesia is positively idyllic. The election of German mayors and councillors, as well as the introduction of German church services, has taken place there without public disturbance. Official minorities policy allows much that used to be unimaginable in former times. Only people have not come that far everywhere.

## Poland's Anti-Sovietism Considered

*91UF0843A Moscow SOVETSKAYA ROSSIYA in Russian 4 Jun 91 First Edition p 3*

[Article by Yu. Izgorodin, military jurist, Tver: "Defeat After Victory: Who Is Manipulating Public Awareness in Our Country and In Poland, and How They Are Doing It"]

[Text] **For a long time the author of this article served in Poland. After returning home, he compared the sociopolitical processes that have been seething in the two neighboring countries. We offer to the attention of our readers his views on what he saw.**

For almost two years the forces grouped around Solidarity have been in power in Poland. They are extremely nonhomogeneous, and are frequently even hostile to one another, as attested to by the schisms, but they are related by the main consideration: their anticommunism and anti-Sovietism. For almost two years Poland has been following a new course that Lekh Walesa has characterized frankly and unpretentiously: the course from socialism to capitalism.

Who, then, has benefited from this resolution of the "Polish question"? Who is happy with this outcome of the political struggle? And is the situation being evaluated in the same way, as people attempt to convince us, in the West, in the USSR, and in Poland itself?

Whatever the proclamations made in the official statements, the West is unconditionally happy about the collapse of the socialist community and the Warsaw Pact, and places a high evaluation on Poland's role in that destructive process. And the Poles themselves eagerly emphasize their own merits in the "funeral" of socialism. In a word, there are grounds for satisfaction in the West. But there has also been an increase in serious concerns. The foreign debt to the West owed by this country of 38 million people (and this is approximately $40 billion!) is already giving it a headache.

I would like people in our country to know that the Great Victory over fascism is called in Poland "someone else's victory." And Polish Army Day on the anniversary of the first combat against the Hitlerites is no longer celebrated, and everything is being done to replace it by the anniversary of the victory over the Red Army ("Miracle on the Vistula"). The graves of the liberators are being defiled by the ungrateful descendants of those who were liberated. And this is despite the fact that people remember that 600,000 of our soldiers have remained forever in the country liberated by them. The heiress of the Second Belorussian Front—the Northern Group of Forces—is deployed basically on land which, prior to 1939, belonged to Germany (Pomerania, Lower Silesia),

but the Poles who came here thanks to the Red Army call our soldiers occupying forces.

It would also not be excessive to recall that it became stylish for Polish students in 1989 to commit outrageous acts in front of the Soviet consulates, and for Polish radio to dish out a lavish portion of anti-Sovietism in every kind of broadcast: women's, religious, holiday, or concert. For more than a year that occurred with the absolutely silent permissiveness of our own mass media. The very first response that deserves mention was given (and I say thank-you to him!) by E. Limonov in IZVESTIYA. And did you see how strong the effect proved to be!

Do we remember that the previously backward Poland, under socialism and with our help, had entered the 1960's as one of the top ten industrially developed countries (subsequently, by the efforts of Solidarity, it was pushed out of that position). But everything Soviet—including the experience and the help—in Poland today is only misinterpreted. It is sad to admit this, but the young people do not remember that a hungry Russia sent to liberated Poland trains loaded with food products.

Calling for an end to the "heritage of Yalta," Polish politicians do not simply vilify the liberators, but also disturb the equilibrium in Europe. Yalta and Potsdam, thanks to the efforts of the USSR, returned to Poland its historic Piast borders. But people prefer not to remember that, and certain conferences of allies are associated only with the name of I. [Iosif] Stalin, whose "gifts" are unpleasant to them, although they are not planning to refuse them.

But how does Poland itself evaluate the first stage of its path to capitalism? I shall begin with what is completely obvious to absolutely everyone, that is, with the store shelves. Yes, they are by no means empty. As compared, for example, with my own city of Tver, any Polish city may seem to be a branch of paradise on earth. In Poland, as in Greece, everything is available. But why, and where did they come from? I would like to give a few figures. By the end of 1989 (the year of the victory of Solidarity), Poland's economy, which had been ruined by that same Solidarity in the late 1970's and the early 1980's and which was slowly making its way back from the chaos of strikes, had not yet achieved the 1978 level (the national income constituted 99.4 of that level). The very first steps on the path to capitalism were marked by a sharp drop in production, but the products that had been in short supply under socialism began to stay unsold on the shelves. In 1990 the downward movement of the economy became even more striking, and the appearance of the store shelves became even more stupefying. Do our praisers of the "Polish model" think much about this? If they do, do they want to give an answer to the people of Russia who are thirsting for abundance? The liberalized prices for products, on the one hand, and the unemployment and practically frozen wages, on the other, have led to an unprecedented drop in the population's real income.

Generations of Poles who have become accustomed to such self-evident concepts as the right to work, free medical services, inexpensive medicines, summer camps for children, inexpensive housing, etc., are forced today to forget them and to adapt to the new living conditions: unemployment, homelessness, and lack of human dignity.

There are other serious problems. The socialist community is collapsing, and to a large extent the Poles contributed to the reunification of Germany (the abolition of the GDR [German Democratic Republic—East Germany], if you will). Whether that is good or bad is a separate question. But, willy-nilly, Solidarity applied its hand to increasing the activity rate of the neofascists and the resuscitation of the "expelled" Germans.

It is no secret that Solidarity actively helped the nationalistic forces in Lithuania and the Western Ukraine. Now those forces have come to power and... new territorial problems have arisen. The members of Sajuda lay unambiguous claim to a considerable part of northeast Poland, and some of the powers-that-be in the Ukraine are already talking aloud about the "Ukrainian lands" in the southeast of Poland. If one considers that in Poland itself there has been a constant increase in the vociferousness of those who call upon people to remember Vilno and Lvov, then one begins to understand the concern felt among the sober-minded segments of society.

In the new "postcommunist Poland" it is by no means the case that everyone has managed to get a piece of bread and butter. The strikes by the railroad workers in Pomorye, the protest actions by the peasants (in rural Solidarity!) and the textile workers of Lodz, and the increased activity rate of the All-Polish Agreement of Trade Unions serve as testimony of that.

Incidentally, the reaction of the government and the mass media to the actions taken by the workers has been interesting. For more than ten years people were called out into the streets, away from their machine tools and their drilling locations in the mines, were lured to party buildings, and were taught how to recognize and defend their rights. But now everything is being done to knock that knowledge out of them by means of water cannons and billy clubs, and by abusive statements in the press.

The reader himself can judge whether there is anything random about the striking coincidences in the negative manifestations, in the strategy and tactics of Solidarity (and its deputies in the Diet and the senate), and of certain political forces in our country.

The first similarity consists in the fact that the attempt is being made, in just as unadorned and unfounded a manner, to idealize and prettify a definite period in the history of the state. This is being done to dethrone socialism and to form nostalgia about the departing

"golden age." Every day we hear about the life in paradise, where you could get all the bread you want, where the good daddy—Tsar Nikolay—sat on the throne, where day and night the merchants and the industrialists thought about the workers' needs, where all the peasants, to a man, walked around in boots. But the city dwellers engaged in fencing and ballet. Involuntarily one begins to wonder who to believe: the "democrats" or F. I. Dostoyevskiy, N. A. Nekrasov, M. Ye. Saltykov-Shchedrin, V. A. Gilyarovskiy?

Meanwhile, in Poland, the period between the wars (1920-1939) is being extolled. The Polish language does not have any elevated words that have not been used to evaluate the "glorious 20-year period." But those evaluations are not completely true. For example, during those "glorious" years the 1913 level of economic development had not been achieved. The country was typified by a backward economic structure, weakly developed industry, and a fractionated and relatively ineffective agriculture.

Another similarity consists in the idealization of certain political and state figures of the past, with the simultaneous vicious "overthrowing" of V. I. Lenin and the Leninists. No explanations are required here. One must only emphasize that in Poland and in our own country a large number of efforts are being applied to give an attractive appearance to the figures who fought actively against the socialist idea, whether it be Nikolay II, P. A. Stolypin, and A. I. Denikin, or J. Pilsudski. In Poland that program has been completely implemented

The next similarity consists in, as it were, the trampling down of the socialist cultural figures and the immoderate extolling of those whose names are linked with the struggle against communism. It is not important how that struggle was expressed or how it manifested itself, but it would be preferable if it were not simple Frondeurism, but fleeing to the West. Or, even better, direct treason. Therefore it is by no means accidental that Voynovich, Aksenov, Daniel, and Sinyavskiy have been elevated to Mount Olympus in our country, as has Czeslaw Milosz in Poland. That list could be extended.

The next similarity is the actions taken by the "democrats" in searching for allies and the attitude toward them in proportion to the achievement of results. Let us recall 1989. Solidarity got the opportunity to bring down the excellent communist government of Prime Minister C. Kiszczak and to form its own. But the necessary majority in the Diet did not exist. It was then that L. Walesa, by his smooth-talking promises, lured the leaders of the Peasants Democratic Party, who for dozens of years had been considered the reliable allies of the Polish United Workers Party [PUWP]. A misalliance occurred. And what was the pay? Just one week of blinding smiles and a demonstration of unity on the television screens. Then the poor excuses for allies were thrown out as being useless. Who remembers their names now? Where is C. Kiszczak himself, the Kiszczak who had been one of the initiators of the roundtable on the part of the PUWP? It would be a good thing if this instructive story were memorized by those communists of ours who, in exchange for a mess of pottage, sell the "democrats" their pen, their high-sounding name, and their authority as an officer.

There is an obvious similarity in the intolerance toward heterodoxy. The forces that are in power in Poland have done everything to assure that the voice of the leftists (Solidarity, like the Civil Forum in Czechoslovakia, is not inhibited by its rightist views and it is only in our country that the adherents of capitalism have been proceeding under the stolen "leftist" flag) does not sound any louder than a mosquito's buzz. The opponents are deprived of a printing and publishing base within the confines of the "nationalization" of the property owned by the PUWP. Moreover, even shy attempts to appear objective within the ruling camp are subjected to fierce attacks.

Similar processes are occurring in our country. I am not even speaking of the persecution of the "group of six" in the Russian parliament. I am talking about the drumhead justice meted out to L. Kravchenko in the spirit of the kindly remembered Senator J. R. McCarthy. One might recall if only the recently published items about the attempts of the Lensovet to take "undemocratic" publications out of the newspaper windows. And in my hometown of Tver there have been unceasing attacks on TVERSKAYA ZHIZN, the one remaining newspaper for Communists.

The very striking similarity is also expressed in the fact that both in Poland and in our country the Communists have been declared to be the devil incarnate and to be to blame for all the misfortunes. Solidarity stubbornly refused to admit that it was precisely Solidarity that led the country to collapse.

Our "democrats" have taken full benefit of Solidarity's experience. And I am by no means speaking about the demands at rallies for the gallows. A case involving 140 billion has been initiated. Who is guilty? Of course, definitely not those who acted in collusion with the scoundrels, but entirely the KGB, in which the departization was not carried out. The Urozhay-90 [Harvest-1990] checks proved to be a fiction, the hasty agreements with the republics are not working, etc. And of course the partocracy is also guilty of that. After the "nice" counterrevolution in Poland, practically all the members of the former PUWP proved to be "purified." And that pertained not only to the police and the administration. With the shortage, for example, of teachers, former party members cannot find a place in the schools because of the lack of a moral right.

The most alarming similarity pertains to the very dangerous rocking of the boat by Solidarity and by our "democrats." In order to acquire power, the leaders of the Polish opposition strove to cause mass dissatisfaction, and even to embitter society. There was just one path—the lowering of the population's standard of living. And that path lay through strikes, through chaos, the drop in production, inflation, and the emptying of the store shelves. Solidarity fulfilled that task brilliantly, but the Polish boat has taken on a lot of water...

The achievement in our country of a situation in which the Soviet nation rejects Communists and socialism is possible not simply by the dangerous tilting of the boat, but by practically tipping it over completely. Just think about what Lensovet and the "democratic" press had to do with the people of Leningrad, almost half of whom had spoken out against the Union in the referendum! Just think about the situation and ask yourself: after hundreds of thousands of refugees and hundred of persons who perished in ethnic conflicts, after the Baltic republics and Moldova, after Southern Ossetia, after the breaking of the interrepublic ties and the war of laws, after the collapse of the consumer market, after the chief of the republic's approval of the disastrous strikes at the mines—what is now being done with us by the politicians who, on the wave of the national wrath that was caused and generated by them, are planning to achieve even greater power?

## Bucharest Round Table Denounces Soviet-Romanian Treaty

*91UF0784A Moscow IZVESTIYA in Russian*
*24 May 91 Union Edition p 6*

[Article by IZVESTIYA Correspondent V. Volodin, Bucharest, under the rubric: "IZVESTIYA Correspondents on World Events". "The Opposition Prepares for Revenge: The Romanian Government's Prestige Is Declining"]

[Text] Romania noisily marked the anniversary of the first free parliamentary elections. At numerous rallies, speakers from various opposition parties criticized the government and the country's president whose policies, in their opinion, have transformed the last year into a year of unrealized hopes.

Right now many people here are asking the question: Will the National Salvation Front [FSN] be able to regain its former popularity and emerge the winner at the next elections? In an article that appeared in LIBERTATEA newspaper, one of FSN's founders, well-known Romanian Political Scientist and Professor S. Brukan not only predicts the Front's defeat next year but also during early elections which, according to his predictions, can quite possibly take place as early as this Autumn.

Whether the predictions of the political scientist, who has painstakingly analyzed each turn in the development of the political situation in Romania, will really happen will become known in the not too distant future. However, a recent public opinion poll that recorded a decline of one-third in the FSN's popularity demonstrates that this outcome is possible. Actually, the worsened economic situation in the country has made many people disappointed in the National Salvation Front government. Premier P. Roman, who recently visited the August 23 Factory which has been currently renamed "Faur," had to listen to sharp criticism, including personal insults, by the workers who surrounded him. To a great degree, the increase of anti-government sentiment also contributes to the increased aggressiveness of the opposition which is using every opportunity to accuse the FSN of "usurping power, causing the collapse of the economy, corruption, and deceiving the people's trust."

Opposition parties have even used the anniversary of their own defeat during last year's elections as grounds to once again wound the Front and at the same time to demonstrate their growing power. A National Peasant Christian Democratic Party rally, in which representatives of other opposition parties participated, was also dedicated to this date.

"We have assembled to mark the year of the lie, bankruptcy, and poverty," PNT-cd Chairman Corneliu Coposu shouted from the rostrum to the crowds of people. The National Peasant Christian Democratic Party program "For a flourishing and modern Romania" was briskly disseminated at the rally which imparted a pre-election tint to it. Essentially, that is how it was. The opposition is obviously calculating on taking its revenge for last year's defeat at the not far off provincial elections.

We must note that the opposition is attempting to use the Soviet-Romanian Treaty on Cooperation, Good Neighbor Relations, and Friendship signed by the president of Romania in the struggle against the FSN. Charges of "exceeding authority and recognition of the Soviet occupation of Bessarabia and Northern Bukovina" are being advanced against Iliescu.

A round table meeting recently occurred in Bucharest in which representatives of 24 opposition parties and social organizations participated. They called upon all of the country's forces to unite in the struggle "against ratification of the treaty with the USSR by the Romanian Parliament and for annexation of Bessarabia and Northern Bukovina to Romania." Representatives of the Free Democratic Party and also a number of political organizations proposed removing the entire economic portion from the document because they say "Romania has enough natural gas and the USSR is only interested in obtaining cheap Romanian commodities." Representatives of the Romanian MID [Ministry of Foreign Affairs] who had assembled to set forth the government's point of view on the Soviet-Romanian Treaty were not permitted to participate in the work of the round table which ended with the adoption of National Peasant Christian Democratic Party Deputy Chairman I. Lup's proposal to impede parliament's ratification of the document under the pretext of the absence of a new constitution in Romania.

Right now a political scandal is brewing in Bucharest that is associated with the discovery of the document burial site of Ceausescu's political police in the mountainous region of Arges Province. There, as it has already been reported, a large quantity of partially destroyed operational material and dossiers on individuals who were under political police surveillance in past years was found in a hole in an inaccessible area. Judging by the articles in ROMANIA LIBERA newspaper, the opposition is clearly attempting to use their find for new attacks against the National Salvation Front.

## Latin America: 'Promising Model' of Third World Development

*91UF0727A Moscow PRAVDA in Russian 4 May 91 Second Edition p 6*

[Article by Pavel Bogomolov under the rubric "The View From Moscow": "Parade of Dilettantes Capable of Setting Us at Odds With the 'Third World'"]

[Text] **...Whether it is because Russian lacks strong language or for some other reason, some of our commentators have decided, evidently, to put in circulation one additional standard "insult." We are talking about drawing the parallel, with unfailing self-reproach and, at times, with unconcealed taunting of ourselves, between the Soviet Union and the developing countries. This, allegedly, is the level to which our superpower has descended....**

The shelves in the stores are bare, wages are not enough to live on, trains do not run on time—all this, in the conviction of very many of our compatriots, is a fine excuse for calling ourselves a "third world" country. There would be some excuse were it, perhaps, housewives unversed in politics who were sinning by making dubious references to the "underdeveloped." It is far worse when such a mournful pathos is heard in the speeches of some of our people's deputies and circulated in tens and hundreds of thousands of copies of print publications.

What we have is a manifest paradox: "Third world" problems are being elaborated in our country by authoritative scholars and entire institutes, but for some reason or other the voices of dilettantes are now being heard far more loudly. Two extremes have been revealed here. The supporters of one extreme are maintaining over and over that the most appalling and shameful thing for us is discovering, if only in some respects, our similarity to the "third world." Others, on the contrary, argue approximately thus: Let us also become a colony or semicolonial territory. In any event, such a prospect is better than what the Soviet people have today (!).

Nonetheless, it would be interesting to know whether the supporters of all these pseudo-political and pseudo-philosophical views are aware of what palpable, more, at times irreparable damage such statements—even if not reflecting Moscow's official view—are causing the USSR's foreign policy positions. Do these people realize that only Russia's enemies have been attempting for centuries, and not without reason, to alienate it from distant lands, whether they be the Transcaucasus, Central Asia or, say, Russian America? Further, are they, the imaginary "third world" experts, aware that their concepts are offensive and insulting in the highest degree for the largest part of the planet, and what is more a part that is developing dynamically in a number of cases? Do the political dilettantes realize that they are simply setting us at odds with the most vast regions of the earth, whereas even the highly developed West is calling the coming 21st century the "Pacific" or, say, "Brazilian" or "Latin American" century?

It would hardly be expedient to recall that certain areas of the "third world" are overtaking us even today both in terms of rate of economic growth and in per capita rates of consumption—sufficiently eloquent tables are published in the press on this score. I would like to talk about something else: about the fact that even in respect of surmounting the present crisis trends in the economy many developing countries, and sometimes large regions, are also demonstrating far greater inventiveness, perseverance, and mobility than we, despite all our national economic and scientific potential.

There is a whole continent with more than 30 states where, in spite of relapses into backwardness, a quite promising model of socioeconomic development is taking shape successfully before our eyes. A model which corresponds to the tasks of extricating peripheral and, moreover, "abnormal," as it is now customary to say, economies from an impasse situation. I refer to Latin America.

True, Latin American reality is also sometimes presented by our press in musical comedy fashion and with the same aplomb which was the besetting sin of Fonvizin's "young ignoramus." V. Belyayev, for example, whose letters from San Francisco are published by our "radical" press, writes sweepingly about this continent: "In all these countries 'constitutional' governments have been ephemeral and ineffective; Latin America is famous for its chronic dictatorships and civil wars." But if instead of the paint brush with which these lines were manifestly written we take an ordinary pen, the present Latin American panorama by no means appears as some buffoonery with endless shooting and changes of flags. Nor are there practically any dictatorial regimes left there either.

It is not fortuitous, I believe, that leading Western statesmen are taking an increasingly close look at the wide-ranging changes on this continent. "George Bush is, apparently, rediscovering Latin America," Prof A. Lowenthal, executive director of Inter-American Dialogue, rightly believes.

It would not be inappropriate for us also to discover anew the countries located south of the Rio Grande. No, I am by no means calling for the deplorable evidence of the neocolonial dependence of a number of Latin American states to be overlooked and am even less interested in the transfer of their unequal relations from the West to our soil. Yet let us, nonetheless, take a somewhat closer look at the far continent. The more so in that there is much there that is typical of us also: boundless expanses and at the same time glaringly uneven development, an imbalance of finances and a chronic foreign debt, the neighborhood of industrial megalopolises and a neglected agrarian periphery, ecological catastrophes and a crisis of spirituality brought about mainly by that same onslaught of "mass culture."

A production slump may also be observed in a number of Latin American countries—a phenomenon familiar to us

also, alas. It is with good reason, ultimately, that the prominent American historian and political scientist W. Mead writes that "it would be more correct to think of the Soviet Union as a strong 'third world' country which in terms of level of development resembles Brazil more than France, except in the achievements of its research and military complexes."

So what, I wonder, do the Latin Americans themselves see as the optimum escape from the colossal throng of problems hanging over their continent? Granted the multitude of national singularities, the key answer is unequivocal: instead of lengthy arguments about how to revive the economy, they are endeavoring to revive it in practice. Incidentally, three principal directions of this work characteristic primarily of the leading countries of the continent—Mexico, Brazil, and Argentina—have been charted.

First, a policy of greater openness of the national economies is coming to replace the outmoded state-bureaucratic autarchy of the economy and its inordinate protectionist defense against "harmful foreign influences." Closely connected with this process are the gradual departure of cumbersome state structures from a number of the commanding heights in industry, transport, and agriculture, and the bold and at the same time justified privatization of certain sectors. The underlying principles of centralism and state regulation and control in the economy are preserved here, however, which, I believe, is highly instructive for us also.

Second, surmounting the relapses into separatism and intra-regional strife, the Latin Americans are stepping up the pace of continental integration. They are switching dynamically from the quite hesitant cooperation within the framework of the Andean Pact or the Southern Cone, say, to the creation of a full-fledged "Common Market." And this, I would add, could and should be a lesson for us as well. Third, Latin American integration will be supplemented by a full-scale trade and economic alliance with the United States and Canada. In accordance with Washington's initiative recently proclaimed by President G. Bush, this very important free-trade zone is designed ultimately to encompass the entire space from Alaska to Tierra del Fuego.

I am not about to prematurely persuade people of the feasibility of these plans or extol their significance, the more so because people on the Potomac are inclined to insert a selfish accent in this program. What is important is something else—the Latin Americans themselves recognize that the White House has to some extent changed for the better the vocabulary and tone of its dealings with its southern neighbors only recently—after the Soviet Union had begun to pursue its new policy in respect of the East European countries. It is really strange: the Amazon is hopelessly far from the Danube and the Vistula, it would seem. But no sooner had Moscow begun to view its immediate neighbors in a new light, without ideological blinders, and recognize their full sovereignty, abridged by no one and nothing, than there began to grow in the distant tropics legitimate demands on Washington—that it modify the hegemonist "Monroe Doctrine" or, at least, rid it of its police coloration and abandon the most odious forms of interference in the affairs of Latin American countries and the plunder of their natural resources.

Yes, our planet, however banal this sounds, is indivisible and interdependent. And if on far-off continents rational particulars, acceptable to them, of the new thinking proclaimed by Moscow are being sought and found, it would also do us no harm to take a somewhat closer and, what is most important, more respectful look at all that is happening in the "third world." And not, in any event, portray it in caricature tones, forgetfully painting bronze-skinned mulattos in loincloths, overseers in pith helmets and repulsive gorillas in general's uniforms.

## Furthering of Sino-Soviet Cultural Ties Advocated

*91UF0743A Moscow PRAVDA in Russian 12 May 91 Second Edition p 4*

[Impressions of Valentin Sidorov, president of the Peace Through Culture association, following a recent trip to China, by A. Pecherskiy: "Getting To Know One Another Better"]

[Text] ***We have already described the activity of the Peace Through Culture international association and its noble undertakings in the name of a revival of spirituality in our country and a pooling of all peace-loving aspirations on the planet via the fundamental slogan of this public organization contained in its very name.***

***A Peace Through Culture delegation recently returned from a trip to China. The writer Valentin Sidorov, president of the association, shares his impressions.***

At every step I saw for myself that the information on our close neighbor—China—is manifestly inadequate in our country. For a number of reasons we are poorly acquainted with this country and its history and culture. For this reason much that is surprising is revealed to the person going to China for the first time.

This was in a sense a journey into the past. We were greeted everywhere by people who had at one time studied in the Soviet Union. We were at one time students together with some of them at Moscow University. It was very touching to see them show photos of Soviet girls with whom they had corresponded, trying to trace what had become of them subsequently. The most moving thing to perceive for me as a man and writer was the attraction of Chinese to Russia and the Russian people.

Many of us, perhaps, would be surprised to learn of the angle from which the Chinese view our country. They speak enthusiastically about the influence that Soviet literature has exerted on them. And these are not just words. Because during the "Cultural Revolution" many people suffered punitive measures and deportation. I spoke with these people. And they told me what great moral support it had been for them to get together and sing Soviet songs. And this was a part of their life. Our attitudes toward this may vary, but the fact that many of them aspire to see our country is the truth.

Chinese friends told us about the fact that restructuring processes, which, as they believe, began somewhat earlier than in the Soviet Union, are under way in China also. As distinct from us, they began with economic, not political, transformations. China has been able to get production going, and the needy strata of the population have social protection. Some goods are sold by coupon, the rest, in the stores. And as distinct from us, there is no shortage of merchandise in the Chinese stores and there is no discrepancy, what is more, between official and commercial prices. The comparatively low wages nonetheless ensure for the majority an average level of subsistence. I believe that an undoubted reason for China's economic successes is the fact that the peasantry has been preserved in the country.

The quality of Chinese merchandise is high. And there is a very solicitous attitude toward its own currency—the yuan. Upon arrival, a foreigner has his dollars, for example, exchanged into so-called gold yuan, for which he may obtain goods in regular Chinese stores. Upon departure from the country, the amount left unspent may be exchanged back into dollars.

It is gratifying to note the unconcealed great desire to help us. We would often hear: The Soviet Union helped us when we were having a hard time—now we are prepared to help you. In my opinion, the attention of the Soviet business world is turned unduly toward the West. And we are detouring the East, except, perhaps, for Japan and South Korea. And we are underestimating, possibly, the real help which China could give us.

During the numerous meetings and conversations unfeigned interest was expressed in the activity of the Peace Through Culture association. An agreement on the creation in Moscow, with the participation of this association, of a Chinese cultural center was concluded. We will start with a small, but perfectly specific venture—the opening of a Chinese teahouse, where the Chinese tea-drinking ritual will be demonstrated, artistes will perform, and sales exhibitions of pictures of Chinese artists and works of applied art will be held. Of course, this cannot substitute for drafts of important official agreements but we believe that even this modest beginning will afford Soviet people an opportunity to get to know China's culture better.

An agreement on cooperation with the Magnetic Therapy Institute of Tianjin was concluded also, and the visit of its director, Liu Daoyu, who expressed a desire to work with Soviet patients, on a charitable basis, what is more, is expected this October.

Contacts were established with new public organizations of China—the Society for Friendly Relations With Foreign Countries, the Society of Friends of the Great Wall of China, and the Chinese Invalids Society.

As I have already mentioned, we are for a number of reasons inadequately informed about our eastern neighbor, particularly China's modern culture. And this is very disturbing because not knowing the culture of such an ancient people essentially means not knowing culture in full. And we must open the gate to Chinese culture. The Chinese, who are insufficiently familiar with our cultural and spiritual traditions, contemporary particularly, should also, in turn, do likewise.

## Results of PRC Economic Modernization Programs Assessed

*91UF0733A Moscow SOVETSKAYA ROSSIYA in Russian 12 May 91 First Edition p 5*

[Article by Doctor of Historical Sciences B. Kulik: "Perestroyka With a 'Plus' Sign: The Results of the First 'Three Steps' en Route to Modernization of the National Economy Have Been Tallied in China"]

[Text] V. Mayakovskiy once exclaimed enthusiastically:

*"I love the masses of our plans, the sweep of the two-meter stride."*

The Chinese, perhaps, could talk about themselves this way today.

The first of the "three steps" charted by the PRC leadership, as a result of which China is by the mid-21st century to have realized a program of comprehensive modernization and to have raised the per capita gross national product to the level of the countries of middle development, was taken in the 1980's.

The results of the first "step" have already been tallied. The main goal has been achieved: the gross national product has doubled. In addition, this task has been accomplished considerably ahead of the established time frame, and in the decade as a whole, the increase amounted to a factor of 2.36. China's gross national product grew by an annual 9 percent, which was three times higher than the world's average rate of economic growth. The striking surge of South Korea, Singapore, Hong Kong, and Taiwan, which have come to be called "Asia's young dragons," has been evoking general admiration of late. At the same time the fact that these "dragons'" economic growth rate even in periods of their greatest upsurge (6-8 percent) was lower than in China has remained overshadowed. And this given the fact that the PRC is far from comparable with any of the "dragons" in terms of its size and the complexity of the problems confronting it.

China has succeeded in achieving a simultaneous upturn in both industry and agriculture. The gross industrial product in the 10 years increased by a factor of 3.3, given an average annual increase of 12.6 percent. And the average annual increase in the agricultural product was in excess of 6 percent.

As a result the PRC became the world's leading producer of grain and cotton, meat, cotton and silk cloth, cement, and coal and moved into third place in terms of the production of mineral fertilizer, into fourth place in the smelting of steel, the generation of electric power, and the production of artificial fiber, and into fifth place, in oil production. As a whole, the PRC's industrial potential is at the present time among the greatest in the world economy.

China has progressed far in the buildup of its defense power. It joined the ranks of the nuclear powers in 1964 and subsequently came to possess nuclear weapons. Currently the PRC's armed forces possess intercontinental ballistic missiles, modern aviation, and nuclear-powered submarines. Granted a reduction in the size of the army, a policy of its all-around modernization is being pursued relentlessly. The appropriations for defense needs increased in 1990-1991. At the same time a program of conversion in the sphere of defense industry is being implemented. Approximately 66 percent of its production capacity was engaged in the manufacture of peaceful products in 1990.

In the last 10 years, with regard for the increase in prices, the average income of China's urban population rose 68 percent, and of its rural population, 124 percent. Despite the rapid population growth (17 million persons were added to the size of the country in 1990), the basic foods are being produced at a preferential rate. Compared with 1980, in 1989 the per capita consumption of meat in the large cities increased by a factor of 4.1, of eggs, by a factor of 4.9, and fish, 2.9. Television receivers, washing machines and refrigerators are increasingly extensively becoming a part of the everyday life of the Chinese.

As is known, the PRC began its path toward the present achievements from the same launch pad as that from which the Soviet Union embarked on perestroyka. In its main outlines the model of socialism in China corresponded to the Soviet model, and its most important salient feature was the existence of a powerful administrative command system. The PRC was the first, five years earlier than the Soviet Union, to embark on its fundamental transformation, initiating radical economic reforms, first in the countryside, then in the city also. In this connection, particularly against the background of the negative consequences of our perestroyka, the following fact cannot fail to attract attention: As the data adduced above testify, from the very outset the Chinese reform process has been accompanied by a constant upturn of all sectors of the economy and also an improvement in the life of the people, which has occurred literally before our eyes. All this prompts us to address the question of what has secured such a course of events.

Answering this question, the leaders of the PRC point as the basic prerequisite of the surmounting of the country's economic backwardness, to the successful realization of the program of its modernization and the achievement of the well-being and prosperity of the Chinese people to the socialist path of China's development. In March 1985, the instigator and chief architect of the Chinese restructuring, Deng Xiaoping, emphasized: "The four modernizations which we are now implementing are not some others but socialist modernizations." Noting the signs of deviation from the socialist path which had appeared in the course of the economic transformations, Deng Xiaoping declared: "There are now people who are worried lest China become a capitalist country. It cannot be said that their misgivings are completely without foundation... If our policy causes polarization, this will mean that we have lost. If some

new political bourgeoisie appears here, this will signify that we have, indeed, turned onto the wrong path." Deng demanded of "the press, television and all propaganda as a whole" that they "provide a response to those who wish to see the country capitalist."

While having awakened initiative and enterprise and raised aloft the principle of material interest, the reforms facilitated the actions of the forces hostile to the very foundations of the social system which exists in the PRC. A propitious atmosphere for them was created also by the extensive penetration of the country under the conditions of an open policy of Western ideology and way of life. A current whose moving spirits put forward the demands for the "conversion of China in accordance with the Western model" and "all-around Europeanization" emerged in the PRC. Protests involving such slogans became particularly serious in April-June 1989, when they developed into mass student unrest which led to the tragic events in Beijing's Tienanmen Square. The CCP leadership assessed these protests as a counterrevolutionary rebellion whose purpose was, "first, to oust the Communist Party and, second, to topple the socialist system." In the opinion of Chinese leaders, certain outside forces had a hand in the realization of this goal also.

An indispensable condition of preservation of the positions of socialism is, China believes, the preservation and safeguarding under multistructural conditions of the leading role of socialist public ownership. The principle of combination of a planned economy and market regulation has been made the basis of the development of the national economy, however.

In championing the socialist choice made by China almost 42 years ago, the leaders of the PRC appeal not to ideological tenets and doctrinaire ideas, but put the emphasis on the actual possibilities and requirements of their country's development and refer to its actual historical experience. They recall that the practice of the Kuomintang, which for just over 20 years led China along the capitalist path, did not justify itself, intensifying even more all the troubles of Chinese society. Condemning the calls for capitalization, Jiang Zemin explains that in the event of China turning onto the capitalist path, given its large population and low level of social productive forces, the capitalism which would reign therein "could be merely a primitive, comprador capitalism," and the peoples of China would "once again become slaves of foreign capital."

A cause for particular concern is the fact that a restoration of capitalism whereby only several percent of the population grew rich, while the vast majority vegetated in poverty, would inevitably engender in China a new revolution and unleash civil war. This would once again plunge the country into severe upheavals and postpone for a long time the accomplishment of the task of surmounting its economic backwardness. Catastrophic consequences of such events are foreseen for the outside world also: no fewer than 100 million refugees from a China in the grip of chaos could spill over into other countries.

In 1991 the Chinese people embarked on implementation of the Eighth Five-Year Plan, which will be a part of the long-term plan of the PRC's national economic and social development for the last decade of the 20th century. It will be necessary in the course of this period to take the "second step" en route to the charted frontiers, having once again doubled the gross national product, whose value in 1980 prices is to have reached $1 trillion.

A pretty good start has been made to implementation of the new plans—the gross volume of industry in the first quarter of 1991 grew 13.7 percent.

China's refusal to be harnessed to the West in the restructuring of the political system brought about the sharply negative reaction of leading capitalist countries. They applied a whole number of sanctions in respect to the PRC, including a winding down of economic relations with it. But the groundlessness of this policy under current conditions, when there has been a fundamental change in the alignment of forces in the international arena and when China has become qualitatively different, was soon revealed. As of the present time the previous very high level of the PRC's trade and economic cooperation with Western countries practically has been attained already.

First place among them is occupied by Japan, which accounts for more than one-fourth of Chinese foreign trade turnover. It is the former which serves as the principal source of the PRC's acquisition of foreign loans. China's second trading partner in terms of importance is the United States, which has granted it most-favored-nation status. Trade between them in 1988 was in excess of $13.5 billion. The sum total of American investments in the PRC amounted to approximately $4 billion. The PRC has established cooperation with the EEC, commodity turnover with which in 1989 constituted almost $14 billion.

A natural stage of the shaping of the PRC's new role in the international arena was the normalization of its relations with the Soviet Union. Beijing's concern in connection with the upheavals which our country is experiencing in the course of perestroyka is noticeable. The Chinese side is displaying a readiness to contribute as far as it is able to the surmounting of our economic difficulties by way, specifically, of the granting of large-scale commodity credit.

## Results of Chinese Economic Reforms Assessed

*91UF0790A Moscow PRAVDA in Russian 24 May 91 First edition p 4*

[Article by Vsevolod Ovchinnikov under the rubric "My Opinion": "Toward the Second Target"]

[Text] The last decade of the 20th century must become the key stage of socialist modernization for China. The country has to reach the second strategic economic and social development target by the year 2000.

What did Chinese Communist Party [CCP] Central Committee Secretary Jiang Zemin have in mind when he expressed this thought to representatives of Soviet society at the Kremlin's Sverdlovskiy Hall"

The course toward socialist modernization has noted three strategic targets for China. The task of the first decade of reform consisted of doubling the gross national product and raising it from $250 to $500 per capita during the 1980's. This was completed ahead of schedule. During the 1990's, they must reach the second strategic target: once again double the GNP (from $500 to $1,000). Then, Beijing thinks that the country will put an end to poverty and attain moderate means. And to put an end to lagging behind, that is, to primarily complete socialist modernization, China must reach the third, most difficult target: increase GNP by another factor of four by the middle of the 21st century—to $4,000 per capita with a population of 1.5 billion people.

This year China began to implement the next decade-long economic and social development program. The republic planned the following main reference points for itself by its entry into the 21st century: by the year 2000, increase the grain harvest from 450 to 500 million tons, coal production from 1,090 to 1,400 million tons, production of electrical energy from 615 to 1,100 billion kilowatt hours, and the smelting of steel from 66 to 80 million tons. Comparatively high rates of economic development are needed in order to achieve the second and then the third strategic targets. High but not too high because, as the Chinese have felt through their own experience, this leads to undesirable "overheating." Therefore, in the forthcoming decade, they have set average annual growth at a level of six percent as compared to a little over nine percent in the 1980's.

Besides optimizing growth rates, the second decade of Chinese reform was also marked by other corrections in Beijing's policy. They precisely affect problems that are also most relevant for our perestroyka: how to find the optimal combination of centralization and decentralization, the plan and the market; how to rationally delimit the jurisdiction of the government and the local organs of power and to reduce national, collective, and personal interests to a common denominator.

Comrade Jiang Zemin said at a meeting in the Kremlin that excessive decentralization of certain aspects of the national economy had occurred and the state's capabilities to carry out a regulatory role on a nationwide level had been weakened in China in the 1980's. The government began to experience financial difficulties due to the fact that deductions to the state budget have decreased. While deepening reform in the 1990's, China is creating the framework of a socialist planned commodity economy. In so doing, explained the CCP Central Committee secretary, they have in mind not that plan which makes administrative measures the priority and ignores the role of the market mechanism, but that plan which meets the requirements of a commodity economy whose costs are calculated with the law. They have in mind not that market where permissiveness and anarchy reign, but that market which is oriented on nationwide goals and which experiences the regulatory impact of the state.

One more clarification made during the second decade of reform affects national economic proportions. It has been precisely stipulated that public property must maintain its leading role during the transition to a multistructure economy while encouraging—as useful additions to it—the collective and private sectors and joint and foreign capital ventures. Distribution according to work done will play a dominating role as before supplemented by other forms of distribution as necessary. The policies of reform and openness proceed from the fact that some of the people and some of the country's regions will become prosperous earlier than others due to honest labor and legal forms of entrepreneurship. Those who have surged ahead are encouraged to share the experience of their success with those who have lagged behind. Experience but not wealth. In order, on the one hand, to prevent unwarranted wage leveling and, on the other hand, to prevent an excessive difference in incomes.

Theoretically, no one challenges this tenet. But a gap in the level of well-being has nevertheless practically occurred. Special economic zones and later the country's entire eastern and southern coast with a population of 160 million people have gained most of all from the policy of openness. But nearly as many people in the depth are the poorest part of the billion man population.

The difference in incomes has also engendered dissimilar interests. The prosperous coastal provinces assess the state's regulatory role in the economy as an infringement on their independence. On the contrary, the internal provinces advocate centralized planning because they are not capable of overcoming their backwardness without outside assistance. That is why instead of the slogan "Enrich yourself" that was advanced in the 1980's, "Leveling the front of reform" must become the motto of the 1990's. As Deputy Shanghai Mayor Huan Tszui told me, the gross national product of the 13 million people city has already exceeded $1,000 per capita, that is, the target that China has set for itself by the year 2000. Therefore, during the current decade, Shanghai residents think that their task is to help their neighbors in the adjacent provinces of Zhejiang and Jiangsu and also the Yangtze River Basin right up to Wuhan with cadres, technology, and capital.

While adjusting course considering the practical experience of the 1980's, Beijing stresses that the policies of reform and openness are the self-improvement and self-development of socialism. "The leaders of the USSR and PRC note," says the Joint Communique on their Moscow meeting, "that it has been difficult for socialism as a new social order to avoid complications and contradictions in its development. While proceeding based on the realities that exist in both countries, they think that reforms are needed to reveal the potential of socialism

whose important condition is the maintenance of stability in the state and society."

Although there cannot be universal diagrams in the process of renewal, the comparison of successes and failures and the techniques to overcome similar difficulties may offer a great deal of benefit to each of our peoples. Therefore, in my opinion the experience of the first decade of reform in China and the corrections introduced based on it in the practice of the second decade deserve careful study on our part.

## Status of Soviet-Japanese Relations After Tokyo Summit Viewed

*91UF0775A Moscow NOVOYE VREMYA in Russian No 17, Apr 91 pp 16-18*

[Article by NOVOYE VREMYA Correspondent Vladimir Ovsyannikov, Tokyo: "USSR-Japan: Reykjavik, Tokyo-Style"]

[Text]An Intriguing Prologue of a Completely New Play About the Relations of the Two Neighboring Countries Has Played in the Japanese Capital

Right now many people both in Moscow and in Tokyo are openly expressing disappointment with the results of Mikhail Gorbachev's visit to Japan. At first glance, there is every reason for this. The Soviet side did not manage to obtain Japan's unambiguous agreement to grant major credits and to begin large-scale economic cooperation with our country. The Japanese also were not able to obtain recognition from the Soviet leader of their sovereignty over at least two of the four disputed islands.

### Limited Freedom of Maneuver

"A dialogue between two weak leaders is occurring," a Japanese colleague told me while we waited with growing tension for the conclusion of the talks between M.S. Gorbachev and Toshiki Kaifu, "and that is why they also cannot take so long to come to an agreement. The domestic political positions of each of them is so tenuous that any unwarranted concession will immediately be utilized by their political opponents with maximum effect."

In this assertion is its own reason. The President of the USSR is being subjected to attacks from both the right and the left, his popularity is decreasing, and the political and economic situation in the country is close to catastrophic. The Japanese premier has slightly fewer problems in his country but those that he does have are of a different type but the responsibility to preserve the intransigence of Japan's position with regard to its sovereignty over the Islands of Habomai, Shikotan, Kunashir, and Iturup rest heavily upon his shoulders like a heavy burden. The lack of reliable support within the ruling Liberal Democratic Party meant that even a minimal departure from this position that is unsanctioned by LDP elders would cost Kaifu an early retirement and maybe even the end of his political career.

Both leaders' freedom of maneuver was restricted to an extreme. M. Gorbachev went to Tokyo practically tied hand and foot by the mutually exclusive "mandates" of native politicians, unfavorable public opinion, and the serious situation in the economy. He was faced with a dilemma: resort to concessions to the Japanese and get desperately needed economic aid for the country or not resort to anything and return without Japanese credits and investments. The Japanese side rigidly and unwaveringly posed the issues of economic cooperation in dependence on fulfillment of its demands on the territorial problem. It would have been naive to expect something else from it—when, other than right now, to take advantage of its partner's weakness?

If the President of the USSR had given the Japanese just one island or even if he had just recognized Japanese sovereignty over them under current conditions, this would have immediately been assessed by all of his enemies both from the left and from the right as the betrayal of the Homeland's interests and as trading it wholesale and retail. No one would have even begun to understand that according to the 1956 USSR and Japan Joint Declaration which was ratified by the then Supreme Soviet and which consequently has legal force, Habomai and Shikotan in any event would have to be transferred to Japan after conclusion of a peace treaty. Right now President Mikhail Gorbachev would be immediately blamed for what was permissible for CPSU Central Committee First Secretary Nikita Khrushchev. The ridiculous insinuations with regard to the $200 billion deal, which aroused the genuine interest and rapt attention not only of our country's residents but also of its parliamentarians at the beginning of the year, would have finally received its long sought after confirmation and justification.

In this situation we can call what Gorbachev demonstrated in Tokyo the height of political art. The art of the possible. Many commentators and Japan-scholars say that the only correct variation that is acceptable right now for both countries has been found. A comparison between the Summit in Tokyo and the Soviet-American Summit in Reykjavik has also been heard. There, in Iceland, the parties were a half-step from a breakthrough but stopped. However, the stop was in fact just the required prelude to the beginning of a new era of Soviet-American relations. The same sort of prelude to qualitatively different relations between the USSR and Japan was also heard in Tokyo.

### Steps Toward Progress

So, let us try to more carefully read and become thoroughly familiar with the text of the joint statement on the results of the Tokyo Summit. It recorded, for the first time without equivocation, the Soviet Union's recognition of the existence of a territorial problem with Japan. Moreover, the four islands which are the object of the dispute were listed by name. If you consider that just yesterday the existence of the territorial issue in general was not recognized by the Soviet side, is this not a step

toward progress"? I agree that it is clearly inadequate for the USSR and Japan to be able to sit at the table to sign a peace treaty tomorrow but this step brought both parties within an operational range. Previously, there was nothing for them to discuss. The Japanese asserted: the islands belong to us. The Soviet representatives stated: a territorial problem does not exist. The issue has been closed for a long time. The possibility has now appeared to search for an outcome on the path to a peace treaty at least on common ground.

Yes, the joint statement does not at all guarantee that the fertile rain of Japanese capital, goods, and technologies will pour on the Soviet Union by tomorrow. But the careful and regulated wording of the documents is adequately flexible. Both parties perfectly understand that the signing of a peace treaty may be delayed without the creation of an atmosphere of good neighborly relations, mutual benefit and trust, and without development of constructive cooperation in all areas. And this is not advantageous for either of them.

The statements of the Japanese premier, the minister of foreign affairs, and other Japanese state and political figures permit us to nevertheless hope that economic cooperation will develop sufficiently actively even before the territorial question is solved. This does not at all signify that the Japanese leadership is rejecting the principle of "indivisibility of politics and economics" that it has observed for years. But henceforth, obviously the sphere of its application may be somewhat constricted. Credits and other financial-economic activities will as before be tied to progress on the territorial problem. But here the technical assistance to perestroyka and humanitarian aid may most likely become factors for the creation of a favorable climate in our relations.

Shortly prior to M. Gorbachev's visit, I talked with LDP Parliament Deputy K. Muto. Mr. Muto knows the state of affairs in our country well. He talked about the need to overcome chaos in our economy, to put an end to making money being illegal, and to establish vitally important ties in the economy "even at the price of strict centralized measures."

In Japan, many people perfectly understand that the "environment" of our domestic economy and not the territorial problem is the primary obstacle in our trade-economic cooperation. Any undertaking with our country entails the frightening unknown and extreme risk. For normal business, the Japanese need either the conformity of economic standards and concepts or the guarantee and insurance of private capital investment by the state. The former, as it is easy to guess, is absent. The Japanese leadership is successfully using the latter as a lever to resolve political issues, first of all the territorial one: if there is no resolution of it, then there are also no guarantees.

But under the current conditions in our country, this lever can turn out to be a double-edged sword. K. Hori, president of Boston Consulting firm and a man of quite conservative views, recently expressed this thought: if a serious difference of the economic situation exists in two neighboring countries, if one of them has a much, much lower standard of living and is experiencing problems and squabbling, the neighboring country that is more successful absolutely must help otherwise it will encounter a great deal of unpleasantness in bilateral relations.

**If a Breakthrough—Then When?**

Right now after Gorbachev's visit, everyone is interested in what will happen next. Will the breakthrough that was prepared in Tokyo occur in the near future or will the preparation of a peace treaty go on for years and years? Prime Minister Toshiki Kaifu, whose term of office runs out in October, is in a decisive mood. He intends to visit Moscow no later than August in order to continue the talks, without losing the tempo, with regard to conclusion of a peace treaty and consequently also resolution of the problem of territorial delimitation. The official Japanese reaction has been restrained to positive tones on the whole. The results of the negotiations in Tokyo are being called a step toward progress and they are paying attention to that part of the joint statement where it talks about the importance of accelerating work on conclusion of preparations for a peace treaty. But today it is still hardly appropriate to talk about a precise date for the peace treaty signing. We need to remain realists.

The territorial problem is the primary, although also not the only, problem that separates our countries for the time being. During the visit, a significant number of concurrences of opinion were discovered in approaches both to the crisis in the Persian Gulf, to the problem of the Korean Peninsula, to Cambodia, and to UN activities. An understanding of the importance of total normalization of relations was manifested by both parties not only for the interests of the USSR and Japan but also for the world and prosperity in the region and throughout the world. It is these concurrences of opinion that create the required conditions to overcome the remaining divergences and prepare the breakthrough.

## Gulf War's Effect on Oil Prices, Aid Noted

*91UF0706A Moscow IZVESTIYA in Russian 30 Apr 91 Union Edition p 7*

[Article by E. Guseynov: "The Shock That Did Not Come—the Economy in the West After the War in the Gulf]

[Text]**"We feared an oil shock, but it turned out to be psychological." That is the way a columnist for the French newspaper LE MONDE commented on the situation that evolved on the world's oil market after the end of the war in the Persian Gulf. However, one could also assess in this statement the general state of the economy of the developed countries of the West at the beginning of 1991.**

The most terrible consequences for the world economy were expected from the crisis in the Gulf. It was assumed that a substantial increase in prices for energy, because of military operations, and as a consequence of the curtailment of deliveries from Kuwait and Iraq by five percent, would slow down the rate of economic growth in 24 of the most developed countries of the West.

The increase in oil prices, according to the forecasts of economists, should also have caused an increase in the cost of commodities, and, as a consequence, a lowering in consumer demand—one of the main driving forces of the economic upsurge in the years 1983-1991. The trade balance indicators of practically all of the oil-importing countries were supposed to get worse.

An additional unpleasant factor that intensified the pessimism of the experts was the cyclical drop in business activity that began to emerge in the second half of last year, which displayed itself especially clearly in the economy of the United States and in Great Britain. As a result, as early as December of 1990, analytical reports of the most diverse international economic organizations rather unanimously expressed the opinion that the drop in the gross national product (GNP) in the United States in the last quarter of 1990 would constitute a two and a half to three percent in a conversion for the year, and that it would drop an additional one percent in the first three months of this year.

However, the very first weeks of the new year showed that, while on the whole correctly estimating the main trend in the development of the world economy, the economists erred at least in one thing: the specific consequences of the war in the Gulf.

Perhaps the most surprising lesson of the crisis was the drop in the price of oil while events were in full swing—with the beginning of the combat operations of the multinational forces against Iraqi troops. This contradicted not only the numerous predictions of eminent analysts, but also the traditional logic of the stockbrokers. After all, from time immemorial, war or political cataclysms resulted in a drop in stock prices and an increase in prices for strategic types of raw materials and precious metals.

It seemed that it would be the same this time: The day before 16 January, the expected date of the beginning of combat operations, the price for a barrel of crude oil of the "brent" type (seven barrels in one metric ton) jumped to $35-$40. The matter reached the point that on the eve of 16 January, Wall Street was making preparations to close the stock exchange in the event of excessive jumps in prices.

But prices moved downward immediately after the first reports from the front. In February-March, they fluctuated at a maximal level of $16-$18 per barrel. In April, they started to climb to a price of $18-$22.

IZVESTIYA has already written about the reasons for this paradox. Playing a role here were, first, a radical change in the situation with energy requirements in the developed countries of the West during the last 10-15 years; second, the presence of large strategic reserves of liquid fuel sufficient to ensure the requirements of these countries for 98 days, which were used to stabilize the market, and, third, the ability of the oil-exporting countries in short periods to increase their output and to compensate for the withdrawal of Iraq and Kuwait from the market.

The oil "countershock" had a dual effect on the economic situation throughout the world and, most of all, in the developed countries of the West. The low prices for oil improved the financial indices of the production industries, and they promoted improvement of the structure of foreign trade in the first months of 1991. But even more important was the psychological factor. Both the stock exchange and ordinary consumers, who anxiously expected grave consequences from the war, lowering the volume of operations and purchases of commodities, understood that the fears were in vain, and that the economy of the West was sufficiently healthy, and it was prepared "not to notice" the interferences caused by the war in the Gulf. These circumstances had an especially noticeable effect on the situation in the U.S. economy. It became clear that instead of the expected reduction in GNP in 1990, only its rates of increase decreased by 1.6 percent. A revival in consumer demand was noted as early as February. The lower prices for oil made it possible in January and February to reduce the deficit of the U.S. trade balance noticeably, resulting in the best showing since 1983.

It reached the point that on 17 April the New York stock exchange broke the record—the price of stocks of the large American companies, the so-called Dow-Jones average, the most reliable index on the state of the American economy, climbed to an unprecedented high level. And although many observers assess this event as one that is relatively accidental, it can be expected that as early as the middle of this year the economy will once again renew its growth, which will reach 2-3 percent by the end of the year—the average level expected for the 1990's.

In the second important economic bastion of the West—the EEC—the situation is being defined, on the one hand, by a prolonged drop in the economy of Great Britain, and, on the other hand, the increasing strength of the economy of Germany. Last year, the FRG exceeded the expected GNP rate of growth, which, instead of 4.1 percent, amounted to 4.6 percent, it became the leader in world export ($421 billion), and it ended the year with an excellent trade balance (92 billion marks) and payment balance (71 billion marks). And this despite the difficulties caused by the reunification, which were able to lower the general indices by only a little, but which did not change their dynamics. In 1991, the rates of economic growth in this country, possibly, will drop to three percent, but even this is not a bad index, considering the state of the economy of the new eastern lands of the FRG.

On the whole, the EEC will have a similar index this year of 2.7 percent.

The Japanese economy is in an excellently balanced condition. Guaranteed a GNP growth in 1990 at a 6.1 percent level, it promises by the end of the century to support rates of growth of not less than four percent annually. Also, apparently, the strength of Japanese export will not abate: The sum of export contracts signed in 1990 exceeds the 1989 level by 20.2 percent.

It was the favorable price situation that set in after the war in the Gulf that made it possible for the ministers of finance and the leaders of the central banks of the seven large countries of the West, who convened in Washington last Sunday, to adopt a very optimistic joint statement. It expresses the intention to promote a lowering of the bank discount rate in these countries; that is, to ease the availability of credits. The objective is to activate a planned renewal of economic growth. In addition, stable prices are acknowledged to be a guarantee that, with an easing in the access to bank credit, a sharp increase in rates of inflation will not occur.

Ambiguous prospects are shaping up for the oil producing countries of the Persian Gulf. A favorable price situation in the second half of 1990 enabled them to increase income from fuel sales sharply. In the past, it constituted $78 billion compared to $46 billion in 1989. However, the countries and, first and foremost Saudi Arabia, will have to remunerate the multinational coalition a sum of not less than $40 billion. Moreover, for a number of reasons, oil production costs are increasing in this region: The cost of production of a barrel of Saudi oil "went up" from $2 to $2.50.

As a result, the current quoted price of $18-$20 per barrel not only does not satisfy all of the needs of the country, but it also forces them to seek capital on the world markets. Besides all of this, the further development of the oil producing production in the Gulf up to the year 2000 will require additional investments on the scale of up to $60 billion. Without help from the outside and given the present price level, the resources are not being found.

The low prices for raw materials will be favorable for importers from Eastern Europe, but they will deteriorate the decreasing export possibilities for the Soviet Union even more. In addition, problems will arise for all of these countries in getting credits for economic reconstruction. In the meantime, the international capital market showed as early as 1990 that its possibilities are not infinite. Last year, of the $425 billion received by borrowers in this market, nine-tenths went to 24 of the most developed countries of the West, the so-called OECD member countries, and only $4.6 billion was received by states of Eastern Europe. But, then, countries of the Near East, Africa, and Latin America are also standing in line for credits, which, incidentally, have gotten tougher.

On the whole, for the West the year 1991 promises to be a year, although also moderate, at a level of 2.2 percent, still sufficiently confident of economic growth under conditions of a favorable situation on the energy market, a restrained increase in prices, and a low level of inflation. The West has the resources for purposeful assistance to Eastern Europe, financing of real growth, and accelerating the technical revolution.

Perhaps, there would be enough resources for us as well—if the situation in our country was not so depressingly sad and almost hopeless for any investors of capital.

## Factors Affecting, Inhibiting Postwar Mideast Peace Examined

*91UF0825A Tallinn SOVETSKAYA ESTONIYA in Russian 14 May 91 p 3*

[Article by SOVETSKAYA ESTONIYA observer Valeriy Merkin: "The Near East: the War Has Ended But the Peace Has Not Begun"]

[Text] The Near East is an exposed nerve in international relations that has for many years been worrying the world community.

Events have shown that since the end of the war in the Persian Gulf the situation in the Near East region has been of an indeterminate nature. All attempts to reach a comprehensive settlement on the wave of the successes of the multinational coalition have failed to justify the hopes that a stable and just peace could be established. In its April issue the American journal WORLD MONITOR states this: "First impressions from the situation in the Near East are depressing. A 'heap' of problems 'still remain.' In fact this has been admitted by U.S. Secretary of State J. Baker. And this after three trips to the region in one month, where an extensive exchange of opinions took place in the capitals of the Arab states and in Tel Aviv. The subject of the talks was quite specific, namely, realizing the idea of holding a regional peace

conference with the participation of the United States and the USSR in order to settle the Arab-Israeli conflict."

The idea of holding a Near East peace conference already has a considerable history of its own. Way back in the 1970's Soviet diplomacy advanced such an initiative. The only thing was that the interpretation of it was somewhat different from the present one. It was proposed that the conference be held under the patronage of the United Nations with the essential participation of all states involved in the conflict, with the participation of the Palestine Liberation Organization [PLO], the United States, and the USSR considered mandatory. Now certain changes have been made to that idea, the result primarily of the fact the Israel is rejecting UN patronage. It fears that under the aegis of this international organization the conference may become a place for fruitless talk where Tel Aviv will be a convenient target for propaganda attacks.

Initially—immediately after the cessation of combat actions—it seemed that everything was turning out more or less successfully. The participation of a number of leading Arab states in the multinational coalition and their agreed actions in working out a "new order for stability and security in the region," and Israel's interest in achieving peace with the Arabs under the conditions of the activation of the "war of the knives" on the occupied territories had created certain prerequisites for optimism. But it is also essential to take into account a number of more minor but still significant factors, including the following:

1. The unique "honeymoon" in the Syrian-American rapprochement, based on a purely pragmatic deal—"recognition by the United States of Syrian interests in Lebanon in exchange for the participation of Syrian troops in the coalition."

2. The sharp decline in the prestige of the PLO because of its course of support for S. Husayn. The way in which events unfolded showed that it was possible simply to ignore the very fact of the existence of the PLO (or more accurately, of its leader, Y. 'Arafat). Under these conditions American diplomacy considered it correct to count on the moderate nationalists living right there on the occupied territories who are extremely popular among the Palestinians.

3. The presence in Israel of the most stable cabinet in recent years, which makes it possible for the United States to nudge Israel toward the negotiating process or at least to preliminary preparatory discussions.

4. The desire of the president of the Arab Republic of Egypt, H. Mubarak, to hold the conference in Cairo and thus underscore his leading position in the Arab world, particularly since the recent failure of the session of the Arab League states.

5. The desire of the G. Bush Administration to "guarantee stability and security in the region" at any price, naturally in the American manner.

So it turned out to be very opportune and easy to float a new idea for holding a conference with the participation of Israel, Egypt, Jordan, Syria, the Palestinians, and Saudi Arabia (and perhaps also Lebanon) under the patronage of the United States and with the participation of the USSR.

Let us now turn to the balance of forces existing in our times in the Near East region and the attitude of each of the parties to the establishment of the "new order" there.

The crisis in the Persian Gulf split the Arab world along new lines of fracture. We can boldly talk about the division of the Arabs into three clearly defined groupings.

The first grouping includes the countries of the Maghreb (the western region of Africa made up of Tunisia, Algeria, Morocco, Libya, and Mauritania), which have for a long time been trying to resolve their own problems and are somewhat isolated from the rest of the Arab world and are clearly oriented toward the West Europe countries (except, perhaps, for Libya).

The second grouping consists of Jordan, Yemen, Sudan, and the PLO. They are united by the common positions that they took during the period of the crisis, when they supported the Husayn regime. Following Iraq's defeat they have been forced to adapt themselves urgently to the changed conditions.

The third grouping is made up of Saudi Arabia, Bahrain, Qatar, Kuwait, the United Arab Emirates and Oman, Egypt, and Syria. This "eight" not only sharply criticized the Iraqi aggression but also participated in the war on the side of the multinational forces. It is precisely these countries, apparently, that reckon to play a major role in the postwar arrangement in the region. But the bloc of "eight" is fragile and already today it is obvious that there are serious disagreements in the approaches to the establishment of stability in the Near East.

Israel's position deserves a separate treatment. It would seem that during the course of his visits to and talks with the leaders in Tel Aviv, Baker has succeeded in securing "agreement in principle" with the Israeli leadership to hold a regional peace conference in Cairo. True, Prime Minister Yitzhak Shamir has made Israel's participation conditional on a whole series of rigid demands. They include the dismissal of the PLO and holding the conference under the umbrella of direct bilateral negotiations between Israel and the Arab states involved in the conflict and representatives of the Palestinians. A great deal also remains doubtful off screen. In particular Shamir's very unexpected proposal to create a "Palestinian government" on the occupied territories.

In the Arab world this was greeted with suspicion and by no means in the same way. A number of political figures

hastened to announce that Israel was deliberately leading things toward a collapse of the efforts at a peaceful settlement by trying to impose conditions that it knows are unacceptable to the Arabs. The proposal to resolve the Palestinian problem evoked a special reaction. The Egyptian newspaper AL-AHRAM, which expresses the government viewpoint, described the response of the Arabs to this proposal as "cautious bordering on the hostile."

This kind of position causes surprise, but only at first glance. A theoretical trump card in building relations both with America and with the countries of West Europe is being wasted. Up to now the firm postulate that "while Israel continues its occupation of Palestine it (Israel) is always wrong," has now been corrected. And the creation of a Palestinian formation will lead ineluctably to a redistribution of the flow of assets being sent from the developed capitalist countries to the Near East in favor of the Palestinians, at the expense of the other Arab countries. Moreover, it is impossible to ignore the factor that some Arab states have misgivings about the rapid economic growth of a Palestinian state. It is common knowledge that the Palestinian intelligentsia has always possessed a serious potential, the skills of the working Palestinians are high, and Palestinian entrepreneurs have a ramified network of representations abroad and their assets will pour in floods into a newly created Palestine.

So that what at first seemed to be a very promising affair in convening a conference has in reality encountered major obstacles, and American diplomacy has been forced to take a pause, without, however, giving up hope of imparting new impetus to its Near East strategy.

The question that arises is this: What about the Soviet Union? Are the internal disorders really closing off the valve of diplomatic activity in the region, which, incidentally, is close to the borders of the USSR and is of really vital interest to it? It is as if a certain syndrome is working here, expressed in the old popular wisdom, "once bitten twice shy," when certain initiatives of the Soviet leadership during the final stages of the war in the Persian Gulf were greeted in the West with disapproval, to put it mildly. But surely the very idea of a peace conference to settle the Near East reserves a special role for the Soviet Union. What kind of role? The question remains open. One way or another the trip by USSR Foreign Minister A. Bessmertnykh to the Near East that started on 8 May and his talks in the capitals of a number of countries in the region, including Tel Aviv, should clarify and concretize Moscow's position.

## Yelena Bonner Urges UN Responsibility for Iraqi Kurds, Shiites

*91UF0830A Moscow NEZAVISIMAYA GAZETA in Russian 18 Apr 91 p 4*

Article by Yelena Bonner: "Kurds Are Dying—Terrorists Are Being Born—and This Will Already Concern Everyone"]

[Text] On April 14, we saw Saddam Hussein on our television screens as he prayed in the Kurdish city of Irbil to the glory of his weapons and his army. The Baghdad dictator and not the coalition forces have turned out to be the victor. The old truth that the generals triumph and the diplomats lose their victory has once again appeared to the world in its bare and undisguised form, this time wrapped in the doctrine of noninterference in a sovereign country's internal affairs. The black oily snow that has covered the peaks of the formerly white snow-covered Himalayas and the Persian Gulf that is dying under an oil slick have also turned out to be an internal matter. And, in accordance with this doctrine, it has been decided to consider the two million Kurds who are dying from hunger and cold in the mountains between Iraq and Turkey and also the one million Iraqi Kurds who are saving themselves from death in Iran to be an internal matter.

Is genocide an internal matter? But then we also need to re-examine history. Have we already completely forgotten the five million Afghan refugees and the one million Afghans who died in Afghanistan—whose internal matter was this? The USSR's, Afghanistan's, or Pakistan's? Are the smoke of Auschwitz and the blood on the walls of Moabit also an internal matter of one country and of one regime that emerged by accident and which has existed for 12 wretched years altogether? And were Kolyma, Vorkuta, Katyn, and the resettled peoples an internal matter of the USSR? Was the genocide of the Armenians and Kurds in 1915 an internal matter of the Ottoman Empire? Can we also forget 1988 and the deaths from gas of tens of thousands of Kurdish children, women, and elderly people and the more than 2,000 Kurdish villages wiped off the face of the earth so that you will not find even a trace by an army that is a longtime friend of the USSR, today's hero-victor.

High politicians and statesmen cite important evidence of the need to apply the doctrine of noninterference in internal affairs without sensing the cynicism of their arguments at the same time when thousands of young people are dying in the arms of their mothers who are insane from grief in plain view of the entire world (every night the world sees this on its television screens). They assert that Iraq must remain a united state. Not in order to preserve a weapons market? In order for Iraq to be transformed into a second Lebanon? But really according to the number of people who have died during the rule of Hussein's party, has he not long ago surpassed Lebanon? They still say: we cannot offend Turkey which is afraid of the creation of a Kurdish state; suddenly her Kurds will also want to acquire their independence and Turkey is our NATO partner. There really is no need to offend anyone. But then how do you understand the European Charter which all NATO member-countries have signed? Is the right of peoples to self-determination—really the prerogative of only the European peoples? And if that is so, then how is this better than the race theory or national socialist assertions that the Slavs are second class people and the Jews and Gypsies are subject to annihilation?

Today what is occurring to the Kurds is shameful for the UN, it is the UN's moral failure, and the states who are permanent members of the Security Council primarily bear the responsibility for it. Having given the coalition forces a mandate for a military solution to the crisis in the Gulf, the UN was obligated to assume the responsibility to care for Iraq's population—the Arab Shiites and the Kurds, while considering their natural aspiration for liberation from the destructive dictatorial regime and not leave them face to face with the very well-preserved military machine that was created in Iraq with the help of states which are Security Council members. This is first. Second, the UN has proclaimed the Universal Declaration of Human Rights and, following the letter and spirit of it, it cannot and must not consider genocide of a people as an internal matter of any country whatsoever. The genocide of the Shiites is occurring in the southern portion of Iraq. And the genocide of the Kurds is occurring in the North. It is already impossible to buy themselves out of this problem with humanitarian aid: with food bundles and with clothing or by organizing refugee camps in Turkey and Iran. The Kurds must live on the land where they have lived since pre-Biblical times. No pragmatic (pseudo-pragmatic) arguments whatsoever can become justification for the fact that a nearly 30-million-strong people on the threshold of their 3,000th anniversary according to the Christian method of numbering the years will be destroyed and its remnants will be transformed into a refugee people: today—the Kurds of Iraq, tomorrow—the Kurds of Turkey, and the day after tomorrow—the Kurds of Iran and the Soviet Union. By the way, the majority of Kurds in our country are still refugees from the time of Stalin's resettlements of peoples. Their fate is no better than the fate of peoples who have been deprived of their homeland in the past or the peoples who are being subjected to genocide today—our Ossetia and our Karabakh.

What happened long ago comes to mind. Once in the cool of a green restaurant garden in the Kurdish city of Suleymaniye [Turkey], I witnessed a dispute between two generations of Kurdish leaders. The young leaders argued that it was time for the Kurds to shift to terrorist methods, to blow up ships and aircraft, to connect explosives to ambassadors' automobiles, and to take hostages. Then political figures, diplomats, and international organizations, including the UN, would begin to seriously take up the Kurdish problem. They do not notice peaceful appeals. But the wise Mustafa Barzani convinced them that the Kurdish cause is just and that their methods of combat must be just. I always thought that he was right. But today once in a while the thought slips through that we can only clean out the ears and clear the eyes of the people who are directing world policy using the explosions of bombs. And I am afraid that we are waiting for a new outbreak of world terrorism: All of us—the innocent and guilty—because terrorism is blind. We are waiting for terrorism! And the UN is waiting for Saddam Hussein to carry out the UN decisions on the repayment of losses, the termination of the sale of weapons to Iraq, and other things and this appears to be doubtful.

## Tensions on Soviet-Afghan Border Reported

*91UF0796A Moscow SELSKAYA ZHIZN in Russian 28 May 91 p 4*

[Article by SELSKAYA ZHIZN Correspondent I. Semykin, Tadjik SSR: "Today—Day of the Border Guard: Frontier Post in the Mountains"]

[Text] I recently had the opportunity to visit several Red Banner Central Asian Border Guard District frontier posts. This border is 4,000 kilometers long and it stretches across three union republics through mountains, rivers, swamps, and deserts. These are frontier posts that are at an altitude above the clouds where the temperature is a hot 40 degrees in the shade in the summer and there are heavy frosts in winter and there are sectors where there is no customary monitoring-tracking strip. How can you lay one in mountains, in swamps, and among impassable terrain?

The southern—Soviet-Afghan border—is tense. Last year, 148 violators were detained here. Since the beginning of this year, there have already been 84. Armed bands' repeated attempts to cross the border and the transfer of drugs and weapons across the border have been stopped.

Here is just one of the many examples of border guards' operations. At the beginning of April, a detail headed by Sergeant Gerasimchuk unexpectedly encountered a group of state border violators. The soldiers boldly advanced into combat and with helicopter support detained 20 armed bandits. But two of our soldiers died in the engagement.

"Service in our area is serious. It is a rare day that passes uneventfully. There is an enormous workload on our personnel and not only physical but also moral," said Major D.I. Iskruk, Parkhar Frontier Post commander. "The majority of the lads at our post are from rural areas and, after graduating from SPTU [Rural Agricultural Professional Technical School] or PTU [vocational and technical school], they are robust and strong. Naturally, it is hard for them at first but they gradually come to enjoy it, they become accustomed both to the service and to the climate, and the main thing—to responsibility. I tell you, the lads are top notch...."

I also became convinced of this myself when I became more closely acquainted with these lads. There was also this question: Does dedovshchina [hazing of conscripts] exist at their frontier post?

"How can there be dedovshchina if we bear arms every day? Every day, we are in a detail to protect the border," Sergey Ryabtsev, a native of Belorussia, began to explain to me. "It is impossible to serve in the Border Guards without comrades, support, and mutual assistance."

And add to the "tension" the already far from comfortable living conditions in which soldiers and officers with families have to live today. A quarter of the frontier posts in the district do not have permanent electricity. There still are quite a few houses that were built during the years of the struggle with Basmatchi bands. Officers' wives do not have

the opportunity to find jobs here and children, as a rule, spend the entire school year at boarding schools.

But there are no problems with the local population. The rule that "All the people who live along the border guard it" is absolutely in force here. More than 20 violators have been detained with the help of local residents at Moskovskiy Border Detachment frontier posts alone.

And here is another eloquent fact: 52 border guards were elected to Soviets at all levels—from kishlak [village] to union.

The soldiers also reply in kind by doing everything possible to help the people. District engineering subunit personnel have repaired 18 kilometers of the Chubek-Sarychashma Road. Military combat engineers and builders have laid the Sarychashma-Dzhelga Road. The border guards have installed diesel electrical generators in Parvar and Keshty villages in Leningradskiy Rayon. They stretched a communications line to Navobod Sovkhoz. They have frequently deployed the field hospital and have rendered medical assistance to hundreds of local residents.

On the day I arrived at the border guard unit, there was a heavy downpour in the mountains. A mud slide formed. And once again the people in the green service caps were the first to arrive to assist the people. Living behind these people's backs, we feel like we are behind a stone wall and sometimes we do not think about how they live.

## PRAVDA Interviews Algerian Socialist Leader

*91UF0722A Moscow PRAVDA in Russian 4 May 91 Second Edition p 5*

[Interview with Hachemi Cherif, leader of the Algerian Socialist Vanguard Party, by S. Filatov; in Moscow, date not given: "Information From the Horse's Mouth Is Needed"]

[Text] ***Hachemi Cherif, leader of the Algerian Socialist Vanguard Party (PAGS) and coordinator of the Central Committee Politburo, has paid a visit to the Soviet Union. The delegation which he led visited PRAVDA, and "Dialogue" took advantage of this opportunity.***

[Filatov] The PAGS, the successor to the Algerian Communist Party, recently commemorated its 25th anniversary and held its first congress. And now, under the conditions of legal activity, following over 20 years of clandestine work, what do you see as your aims and how are you preparing for the first multiparty parliamentary elections, to be held in June?

[Cherif] As you know, the PAGS grew up under clandestine conditions. We have experienced not only times of persecution but also easier periods, when it was possible even to operate illegally without the threat of constant punitive measures. All these years the party has remained true to its line. Paramount in our work were national interests, the interests of the people's masses. We advocate fidelity to a strategy of independent development, a strengthening of the productive forces of the state sector and social justice.

The eighties were difficult for the party. The socioeconomic and political circles which bear the responsibility for the weakening of the state sector, the deceleration of independent, modern development and the diversion of colossal resources and productive energy into the speculative, parasitical sector and into the shadow economy gained strength in the country. The country is now paying a high price for these serious mistakes. We are experiencing an economic and social crisis, which is to some an extent an echo of the policy of the eighties.

Parliamentary elections are scheduled for 27 June. The situation in the country is such that, as a result, dark reactionary forces headed by extremists from the Islamic Salvation Front could come to power. This is very dangerous. All the people's gains achieved in the years of independence will be in jeopardy. We advocate a postponement of the elections in order that the democratic forces might prepare more thoroughly inasmuch as they are as yet, unfortunately, fragmented and in no position to ward off the offensive of reactionaries.

[Filatov] You are visiting the Soviet Union as leader of the PAGS for the first time. What has been the purpose of this trip and how do you evaluate its results?

[Cherif] The main purpose of the visit was to strengthen ties between the PAGS and the CPSU. We affirm with satisfaction that our aspirations were shared fully by Soviet Communists. The delegation was received by Comrades Ivashko and Falin. We discussed for more than three hours both the domestic situation in the USSR and the situation in Algeria. We expressed solidarity with the movement for the renewal of the CPSU and all of Soviet society on the path of socialism, democracy, and humanism. This direction is close to the policy line of the PAGS formulated at our first congress.

[Filatov] Your opinion of PRAVDA?

[Cherif] The newspaper PRAVDA is one of the most famous in the world. For this reason it is always noticed in our country when some foreign newspaper makes reference to it.

Public opinion in Algeria is under the direct influence of the mass media of West Europe, French primarily. With the aid of satellite antennas alone 6 million of the country's inhabitants daily obtain news via French television channels and learn about all world events through the this prism. The bulk of the reports reaching us on the Soviet Union and the changes taking place there comes from Western media and frequently distorts reality. For this reason information from the horse's mouth is needed.

We would very much like PRAVDA to switch to more assertive action in the world arena, acquire new readers overseas and reach us also. After all, even certain Soviet press media received in Algeria, for example, illustrate our reality quite one-sidedly.

## Petrovskiy Presents Views on Africa's International Role

*91UF0720A Moscow IZVESTIYA in Russian 5 May 91 Union Edition p 5*

[Article by A. Anichkin: "African Colloquy"]

[Text] In the contemporary format of world politics Africa is now a component without which the chain of positive changes cannot be strong. The continent, which was for decades an arena for the rivalry of the great powers—political, military and ideological—is now acquiring a more impressive voice in world politics. This probably explains the extensive April tour to Senegal, Ivory Coast, Ghana, Nigeria, Zaire, Tanzania, and Zimbabwe by V.F. Petrovskiy, USSR deputy foreign minister, who is in charge of questions on multilateral international cooperation in the Foreign Ministry. It is the first time in Soviet diplomacy that such a specialized mission was undertaken in an African direction. Having recently returned to Moscow, the deputy minister shared his impressions of his trip with journalists.

Soviet journalists were greatly impressed by the attention with which these African countries, which play a leading part in multilateral cooperation on the African Continent and in international organizations, are following the development of the restructuring processes in the USSR and displaying interest in the preservation of the Union as a single state space and leading center of the modern world—one with which African countries could interact.

African countries see the possibility of a growth of their influence in the international arena primarily via participation in the joint formulation of solutions of global problems. A particular feature of the African countries' present approach is the fact that they are not simply declaring their national interests but endeavoring to participate in multilateral processes. Nigeria, where the next top-level meeting of the OAU is planned, sees this possibility in realization of the idea of an African process of cooperation, stabilization, and development—an African version of the Helsinki process. Senegal, which is preparing to host a top-level meeting of the Islamic Conference Organization, is endeavoring to impart a constructive role to the "Islamic factor." Ghana, an active participant in the Nonaligned Movement, where a conference of this movement's foreign ministers is to be held, could play an important part in the scheduled transition of this influential movement from the traditional position of "equal distance" from the centers of rivalry in the world to a concept of "equal proximity," that is, the movement's involvement in the solution of global problems.

In the opinion of our diplomats, it is in the Soviet Union's national interests to take advantage of the "African factor." First, the realities of the modern world are such that safeguarding the USSR's national security and security in Europe without the safeguarding of security at the regional level, on the African Continent included, is impossible. This was merely confirmed by the lessons of the Persian Gulf crisis. Second, a solution of both traditional problems and new ones—fighting the AIDS epidemic, drug addiction, organized crime, and a whole number of others—is now impossible without Africa. Third, that Africa is a continent on which a large number of the least developed countries is concentrated and is a touchstone verifying man's capacity for solving development problems is a serious fact. Ultimately the world cannot develop in disharmony. There cannot be a healthy body if some part of it is sick. And, finally, under conditions where the role and possibilities of the United Nations and multilateral mechanisms of a solution to global problems generally are growing considerably, their efficient functioning is impossible without the participation of the group of African countries that constitute almost half of all UN member developing countries.

Diplomats and the Foreign Ministry are, to all appearances, disturbed by Soviet members of parliament's insufficient attention to material support for our foreign policy, in an African direction in particular. Although the returns here could be very considerable. This applies to economic cooperation also. Specifically, the joint ventures created in Africa by Soviet organizations have shown their high efficiency. Cultural cooperation has tremendous potential (modern Western art has been sustained by African roots to a large extent).

The collapse of the last bastion of colonialism in Namibia, which has gained independence, and the positive processes in South Africa, in the evaluation of which, to judge by the negotiations, there are practically no differences between the USSR and the African countries, are posing anew the "African question," which formerly amounted to a struggle against the vestiges of colonial dependence on the former metropoles. The diplomats back from the tour of Africa were under the impression that this region was, under the impact of the ideas of the "new thinking," entering a phase of reformation. Of paramount importance now is the solution of complex problems which have previously somehow not been heard in reference to Africa. The question, for example, of democratization, which has its specific features there. A majority of African countries supports the ideas of a multiparty system, seeing it as an effective instrument of struggle against such an evil as corruption in state institutions. The question of de-ideologization, understood as a search for solutions of national and regional problems not on the basis of abstract outlines but on a basis of common sense and the use of world experience, has arisen most forcefully. Demilitarization, that is, the abandonment of thinking in military categories and of power methods to solve their problems, is essential to African countries. And, finally, the question of humanization—the full assurance of human rights—has arisen squarely on the continent.

Our African partners treated with understanding the idea of creating multilateral mechanisms to respond to crises and their settlement, and the proposal concerning "preventive reaction"—the settlement in the phase of

the inception and development of a conflict, before it has grown into an open clash—is new, what is more. And this is to apply not only to conflict situations in interstate relations but also crises in the sphere of the economy and ecology, which is more than urgent for Africa.

The preparation of the Soviet-American agreement on a 50-percent reduction in strategic offensive arms, which is entering its final stage, and the accords on an appreciable reduction in conventional arms and armed forces in Europe have put on the agenda the question of globalization of the disarmament process and its embrace of all types of arms. The problem of creating mechanisms for the nonproliferation of conventional arms supplementary to the current nuclear arms agreements is arising most forcefully. Our diplomats' discussions revealed a growing interest by the African countries' in participation in the solution of this global problem. The affiliation of the so-called Front-Line African states with the Nuclear Nonproliferation Treaty is anticipated in the very near future, incidentally. To judge by everything, the question of creating an international arms supplies register will be put on a practical footing in the very near future, which will have a direct bearing on problems of the African Continent also.

## South African Diplomat Views Prospects for USSR-RSA Relations

*91UF0776A Moscow KOMSOMOLSKAYA PRAVDA in Russian 21 May 91 p 3*

[Interview with South African Diplomat David Laubscher by V.I.P. Editor-in-Chief S. Yastrzhenbskiy: "To the South of South: South African Diplomat David Laubscher Ponders the Prospects for Relations Between our Country and the Republic of South Africa"]

[Text]

[Yastrzhenbskiy] How do the future relations between the USSR and the Republic of South Africa appear to you after so many years of mutual distrust, enmity, and sharp ideological confrontation?

[Laubscher] I recall that contacts between the Russians and the South Africans had already begun at the beginning of the century: at that time, some Russians were fighting against the English for the independence of the two Boer republics.... Despite the absence of official relations, people have always manifested a lively interest in your country. There are sectors of industry in our countries that could complement each other. There are rare mineral deposits both in our country and in yours and the countries' share accounts for up to 70-80 percent of certain world reserves. I am confident: broad prospects for cooperation will open up to our countries with the restoration of normal interrelations.

[Yastrzhenbskiy] As far as I know, right now many of my fellow countrymen would like to emigrate to the Republic of South Africa to work. Are you not afraid of an influx of Soviet manpower after the establishment of diplomatic relations?

[Laubscher] I would not begin to single out the USSR in particular in this case. In accordance with the existing situation, we welcome technical specialists to our country, especially highly skilled specialists, without regard to their citizenship. Therefore, if such specialists arrive from the USSR, our attitude toward them will be the same as toward the citizens of any other country.

[Yastrzhenbskiy] What do you think, could the Soviet Union, under the appropriate conditions, make its presence felt in the repeal of sanctions against the Republic of South Africa?

[Laubscher] Naturally, we would be grateful if the sanctions were finally repealed, especially the portion that affects the ban on foreign investment which is having an extremely unfavorable impact on the RSA's economy. We urgently need the influx of foreign investment, the more, the better since we must create new jobs and improve and renew our economy.

As for sanctions with regard to the Republic of South Africa—to lift them or not—this is a decision for the Soviet government. I personally think that the Republic of South Africa has fulfilled all of the stated demands for lifting the sanctions and, if the USSR would take the first step in this direction, this would have enormous significance for the entire world and naturally for the Republic of South Africa.

[Yastrzhenbskiy] The possibility has appeared for the union republics to develop bilateral relations with foreign states. In your opinion, what will the RSA government's position be, for example, with regard to the establishment of direct ties with the Russian Federation?

[Laubscher] It is hard to answer since this is a political question that is within the jurisdiction of the government and leadership of the RSA Ministry of Foreign Affairs. But I can express my personal opinion: It will be difficult to avoid the establishment of contacts between the Republic of South Africa and your republics. It will obviously be difficult to maintain relations only with the USSR Ministry of Foreign Affairs. But I repeat this is just my personal opinion.

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